

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Allband Communications Cooperative
Curran, Michigan

We have audited the accompanying financial statements of Allband Communications Cooperative as of and for the year ended December 31, 2009, and have issued our report thereon dated June 21, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in <u>Government Auditing Standards</u>, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of Allband Communications Cooperative as of and for the year ended December 31, 2009, in accordance with auditing standards generally accepted in the United States of America, we considered Allband Communications Cooperative's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Cooperative's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Cooperative's internal control over financial reporting.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses, and therefore, there can be no assurance that all deficiencies or material weaknesses have been identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by management. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a significant deficiency, or combination of significant deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We believe the following deficiencies to be significant deficiencies which constitute material weaknesses:

- Comment: While the Cooperative has obtained an awareness of the implication of fraud in their business, they have yet to develop a formal anitfraud program with stated control processes.
 - <u>Management's Response:</u> The Cooperative has given consideration to this matter and currently believes this is adequately addressed through strong management oversight in light of the relatively small size of the Cooperative.
- Comment: The Cooperative has a limited number of personnel, as a result, it has utilized
 accounting assistance from another party to assist with preparation of certain normal
 annual closing entries.
 - <u>Management's Response:</u> The Cooperative reviews and approves the results of these activities and believes this approach provides a cost effective solution in light of their limited resources.
- Comment: The Cooperative's limited resources and personnel also limits their ability to
 have a formal internal control and information technology system and segregation of
 duties.
 - <u>Management's Response:</u> The Cooperative has added personnel in 2009 and periodically performs an informal risk assessment and monitors the business risk associated with assignment of personnel to various activities.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Allband Communications Cooperative's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters, other than as described in Note 5 to the financial statements, that are required to be reported under Government Auditing Standards.

The Company's written response to the material weaknesses and significant deficiencies identified in our audit has not been subjected to the audit procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the board of directors, management, and the Rural Development Utilities Program, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Kiesling Associales LLP
Madison, Wisconsin
June 21, 2010



To the Board of Directors
Allband Communications Cooperative
Curran, Michigan

We have audited the financial statements of Allband Communications Cooperative for the year ended December 31, 2009, and have issued our report thereon dated June 21, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in <u>Government Auditing Standards</u> issued by the Comptroller General of the United States, and 7 CFR 1773, Policy on Audits of Rural Utilities Service (RDUP) Borrowers. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing our audit of the financial statements of Allband Communications Cooperative for the year ended December 31, 2009, we considered their internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a significant deficiency, or combination of significant deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of control deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis.

We noted certain matters involving the internal control over financial reporting and its operation that we have reported to the board of directors of Allband Communications Cooperative in a separate letter dated June 21, 2010.

7 CFR 1773.33 requires comments on specific aspects of the internal control over financial reporting, compliance with specific RDUP loan and security instrument provisions, and other additional matters. We have grouped our comments accordingly. In addition to obtaining reasonable assurance about whether the financial statements are free from material misstatements, at your request, we performed tests of specific aspects of the internal control over financial reporting, of compliance with specific RDUP loan and security instrument provisions, and of additional matters. The specific aspects of the internal control over financial reporting, compliance with specific RDUP loan and security instrument provisions, and additional matters tested include, among other things, the accounting procedures and records, materials control, compliance with specific RDUP loan and security instrument provisions set forth in 7 CFR 1773.33(e)(2), related party transactions and investments.

In addition, our audit of the financial statements also included, where applicable, the procedures specified in 7 CFR 1773.38-.45. Our objective was not to provide an opinion on these specific aspects of the internal control over financial reporting, compliance with specific RDUP loan and security instrument provisions, or additional matters, and accordingly, we express no opinion thereon.

No reports (other than our independent auditors' report and our independent auditors' report on internal control over financial reporting and on compliance and other matters, both dated June 21, 2010) have been furnished to management.

Our comments on specific aspects of the internal control over financial reporting, compliance with specific RUS loan and security instrument provisions, and other additional matters, as required by 7 CFR 1773.33, are presented below.

COMMENTS ON CERTAIN SPECIFIC ASPECTS OF THE INTERNAL CONTROL OVER FINANCIAL REPORTING

We noted no matters, other than those discussed in our report on internal control over financial reporting and on compliance and other matters dated June 21, 2010, regarding Allband Communications Cooperative's internal control over financial reporting and its operation that we consider to be a material weakness, as previously defined, with respect to:

- The accounting procedures and records.
- The process for accumulating and recording labor, material and overhead costs, and the distribution of these costs to construction, retirement and maintenance or other expense accounts.
- The materials control.

COMMENTS ON COMPLIANCE WITH SPECIFIC RDUP LOAN AND SECURITY INSTRUMENT PROVISIONS

At your request, we have performed, where applicable, the procedures enumerated below with respect to compliance with certain provisions of laws, regulations, contracts and grant agreements. The procedures we performed are summarized as follows:

Procedures performed with respect to the requirement for a borrower to obtain written approval
of the mortgagee to enter into any contract, agreement or lease between the borrower and an
affiliate for the year ended December 31, 2009, of Allband Communications Cooperative:

COMMENTS ON COMPLIANCE WITH SPECIFIC RDUP LOAN AND SECURITY INSTRUMENT PROVISIONS (Continued)

- Obtained and read a schedule of new written contracts, agreements or leases entered into during the year between the borrower and an affiliate as defined in 7 CFR 1773.33(e)(2)(i).
- Read board of directors' minutes to ascertain whether board-approved written contracts are included in the schedule.
- Noted the existence of written RDUP approval of each contract listed by the borrower.
- Procedure performed with respect to the requirement to submit RDUP Operating Report to the RDUP as addressed in 7 CFR 1773.33(e)(2)(ii):
 - Agreed amounts reported in RDUP Operating Report to Allband Communications Cooperative's records.

The results of our tests indicate that, with respect to the items tested, Allband Communications Cooperative complied, except as noted below, in all material respects, with the specific RDUP loan and security instrument provisions referred to below. The specific provisions tested, as well as any exceptions noted, include the requirements that:

- The borrower has obtained written approval of the RDUP to enter into any contract, agreement or lease with an affiliate as defined in 7 CFR 1773.33(e)(2)(i).
- The borrower has represented its RDUP Operating Report has been submitted to the RDUP. The
 Operating Report, "Financial and Statistical Report," as of December 31, 2009, is in agreement
 with the Allband Communications Cooperative's audited records in all material respects.

COMMENTS ON OTHER ADDITIONAL MATTERS

In connection with our audit of the financial statements of Allband Communications Cooperative, nothing came to our attention that caused us to believe that Allband Communications Cooperative failed to comply with respect to:

- The reconciliation of continuing property records to the controlling general ledger plant accounts addressed at 7 CFR 1773.33(c)(1) except that controls would be improved by updating continuing property records through December 31, 2008.
- The clearing of construction accounts and the accrual of depreciation on completed construction addressed at 7 CFR 1773.33(c)(2).
- The retirement of plant addressed at 7 CFR 1773.33(c)(3) and (4).
- The approval of the sale, lease or transfer of capital assets and disposition of proceeds from the sale or lease of plant, material or scrap addressed at 7 CFR 1773.33(c)(5).

COMMENTS ON OTHER ADDITIONAL MATTERS (Continued)

 The disclosure of material related party transactions, in accordance with FASB ASC 850, "Related Party Transactions," for the year ended December 31, 2009, in the financial statements referenced in the first paragraph of this report addressed at 7 CFR 1773.33(f).

The Company has made no investments in affiliated companies through December 31, 2009.

This report is intended solely for the information and use of the board of directors, management, the Rural Development Utilities Program and supplemental lenders, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Kiesling Associates LLP
Madison, Wisconsin
June 21, 2010

This board of director's letter is prepared to communicate those matters which are required to be communicated to your board of directors in accordance with Professional Standards and the RDUP policy on audits of RUS borrowers-7 CFR 1773.20(b).

While this letter should be provided to your board of directors, the RDUP does not require a copy of this letter. 7 CFR 1773.21 (b) requires that the borrower furnish RDUP with three (3) copies of the auditors' report, report on compliance and on internal controls over financial reporting, and RDUP management letter.

The borrowers should send the audit package to the following:

Mr. Kenneth M. Ackerman Assistant Administrator, PARA Room 5159-S, Stop 1530 1400 Independence Avenue, SW Washington, DC 20250

Alternatively, borrowers may elect to file electronically.

Electronic filings must be in a Portable Document Format (PDF) and attached to an email, using the following naming convention (AA1234-MMDDYYYY.pdf where AAl234 is the six digit alphanumeric borrower designation and MMDDYYYY is the audit as of date e.g. IA0123-12312009.pdf). All required components of the audited financial statement must be contained in one file including the auditor's report, report on compliance and on internal control over financial reporting, and management letter. The email, with audit file attached, should be sent to RD-AUDITS@wdc.usda.gov with a subject line that includes the borrower's designation and audit as of date. Initial receipt of the audit will be confirmed by email. If, upon review, the submission is determined to be incorrect or incomplete, the file will be deleted from their servers and the borrower will be asked to resubmit a new completed audit package.

If you have any questions or encounter any difficulty submitting your audits, contact the Technical Accounting and Auditing Staff at 202-720-5227.



To the Board of Directors Allband Communications Cooperative Curran, Michigan

We have audited the financial statements of Allband Communications Cooperative as of and for the year ended December 31, 2009, and have issued our report thereon dated June 21, 2010.

Professional standards and the Rural Development Utilities Program's (RDUP) Policy on Audits of RDUP Borrowers (7 CFR 1773.20) require the auditor to communicate certain matters to the board of directors. In addition to meeting the RDUP's requirements, the following comments regarding our responsibilities and results of our audit of the financial statements of Allband Communications Cooperative for the year ended December 31, 2009, will assist you in overseeing the financial reporting and disclosure process for which management is responsible.

Our Responsibility under U.S. Generally Accepted Auditing Standards

Our responsibility as described by professional standards and stated in our engagement letter, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, but not absolute, assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud or other illegal acts may exist and not be detected by us.

As part of our audit, we considered the internal control of Allband Communications Cooperative. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control. We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters. We are also responsible for communicating matters required by law, regulation, agreement or other requirements applicable to the engagement to you.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies.

The significant accounting policies of the Cooperative are described in footnotes to the financial statements. No new accounting policies other than as described in the financial statement footnotes were adopted and the application of existing policies was not changed during the year ended December 31, 2009.

There were no transactions entered into by the Cooperative during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

There are no sensitive accounting estimates, other than depreciation rates as described in Note 1, included in the financial statements for the year ended December 31, 2009. As part of our audit, we compared the Cooperative's depreciation rates to average rates used within the telecommunications industry. We have also discussed with management the Cooperative's long-range plant replacement plans and have determined the current depreciation rates to be consistent with those plans.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

We proposed and management recorded, other adjustments that generally were for routine year-end accruals and for other isolated items.

Our management letter and our independent auditors' report on internal control over financial reporting and on compliance and other matters both dated June 21, 2010, comment on other findings and recommendations.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit that individually or in the aggregate were of such significance that reference to the subject matter would have been made in our reports.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 21, 2010.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Cooperative's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Cooperative's auditor. However, these communications occurred in the normal course of our professional relationship and to our knowledge our responses were not a condition to our retention.

This letter is intended solely for the information and use of the board of directors and management of the Cooperative and is not intended to be and should not be used by anyone other than these specified parties.

Kiesling Associates LLP

Madison, Wisconsin

June 21, 2010

The same of		_	
		Adjusted Balance Dec 31, 2008	Adjusted Balance Dec 31, 2009
005	Cash		
002	005, No Subcodes		
	112000 - Checking account - Besser Credit Union	0.00	0.00
	112001 - Savings account - Besser Credit Union	0.00	0.00
	112002 - Savings account - Besser Credit Union	0.00	0.00
	112003 - Savings - Besser Credit Union	0.00	0.00
	113001 - Checking account - Bank of Alpena	0.01	0.00
	113002 - Checking account - Bank of Alpena	0.00	10.00
	113003 - Checking account - Bank of Alpena	28.80	73,471.78
	113004 - Checking account - Bank of Alpena	2,958.78	10,056.83
	113005 - Checking - Bank of Alpena	0.00	0.00
	Total no subcodes	2,987.59	83,538.61
005	Cash Total	2,987.59	83,538.61
010	A constant manipulation		
010	Accounts receivable		
	010, No Subcodes	0.00	2.074.24
	110000 - Accounts Receivable	0.00	3,874.31
	117000 - Due from customers	183.92	7,671.64
	117100 - Allowance for doubtful accounts	0.00	0.00
	119010 - Accounts receivable - NECA	111,398.94	(27,035.00)
	119020 - Accounts Receivable - CABS	6,813.34	8,566.73
	Total no subcodes	118,396.20	(6,922.32)
010	Accounts receivable Total	118,396.20	(6,922.32)
	A 072 A 0881 - 4		
015 015	A/R - Affiliates A/R - Affiliates Total	0.00	0.00
5	14-1 1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1	5.00	
020	A/R - Other		
020	A/R - Other Total	0.00	0.00
625	Materials & supplies		
	025, No Subcodes		
	122000 - Materials and supplies	159,521.16	330,097.17
	Total no subcodes	159,521.16	330,097.17
			220 000 45
025	Materials & supplies Total	159,521.16	330,097.17
030	Prepaid expenses		
	030 , No Subcodes		
	131000 - Prepaid insurance	7,638.16	7,261.80
	133000 - Prepaid other	12,825.17	0.00
	133001 - Loan fees - current portion	2,750.00	2,750.00
	141000 - Deferred charges - loan origination fees	47,437.50	44,687.50
	141001 - Loan fees - current portion	(2,750.00)	(2,750.00)
	Total no subcodes	67,900.83	51,949.30
030	Prepaid expenses Total	67,900.83	51,949.30
025	Investment		
035	Investment Total	0.00	0.00
035	Investment Total	0.00	0.00
040	Plant under construction		
040			
	040, No Subcodes 200300 - Telecommunications plant under constructio	n 57,124.24	559,261.16
	Total no subcodes	57,124.24	559,261.16
040	Plant under construction Total	57,124.24	559,261.16
045	Plant in service		
	045, No Subcodes		

1	 : -		
		Adjusted Balance Dec 31, 2008	Adjusted Balance Dec 31, 2009
1	211100 - Land	9,886.63	9,886.63
i .	211200 - Motor vehicles	35,798.72	36,673.72
1	211400 - Other work equipment	19,564.10	43,598.62
1	212100 - Buildings	269,698.54	269,698.54
	212200 - Furniture	0.00	0.00
	212300 - Office equipment	6,154.24	10,401.28
l	212400 - General purpose computers	2,209.55	2,209.55
	221200 - Digital electronic switching	467,712.10	467,712.10
l	223200 - Circuit equipment	333,646.82	357,202.18
	223210 - Internet equipment	56,291.93	57,837.21
l	241100 - Poles	0.00	0.00
l	242100 - Aerial cable	0.00	0.00
	242110 - Aerial drops	0.00	0.00
l	242200 - Fiber optic cable	3,597,144.00	4,508,255.63
l	242300 - Buried cable	0.00	0.00
l	242310 - Buried drops	52,495.03	77,319.97
	244100 - Conduit systems	0.00	0.00
	Total no subcodes	4,850,601.66	5,840,795.43
045	Plant in service Total	4,850,601.66	5,840,795.43
055	Depreciation reserve 055, No Subcodes		
1	311200 - Accum. depr motor vehicles	(9,546.32)	(16,749.81)
1	311400 - Accum. depr other work equipment	(3,987.36)	(8,000.38)
	312100 - Accum. depr buildings	(13,456.53)	(20,257.50)
	312200 - Accum. depr furniture	0.00	0.00
	312300 - Accum, depr office equipment	(871.85)	(1,754.38)
1	312400 - Accum. depr general purpose computers	(393.53)	(662.40)
)	321200 - Accum. depr digital electronic switching	(81,256.00)	(123,774.27)
	323200 - Accum. depr circuit equipment	(25,558.51)	(57,554.56)
	323210 - Accum. depr internet equipment	(9,072.55)	(14,305.90)
	341100 - Accum. depr poles	0.00	0.00
	342100 - Accum. depr aerial cable	0.00	0.00
	342110 - Accum. depr aerial drops	0.00	0.00
	342200 - Accum. depr fiber optic cable	(224,022.44)	(403,879.64)
	342300 - Accum. depr buried cable	0.00	0.00
	342310 - Accum, depr buried drops	(437.46)	(3,573.14)
	344100 - Accum. depr conduit systems	0.00	0.00
	Total no subcodes	(368,602.55)	(650,511.98)
055	Depreciation reserve Total	(368,602.55)	(650,511.98)
100	Accounts payable		
	100, No Subcodes 400000 - Accounts payable - trade	(010 017 00)	/212 001 07\
	40000 - Accounts payable - trade 400001 - Additional payables	(818,917.80) (217,868.76)	(813,991.97) (73,979.63)
	400001 - Additional payables 401000 - Accounts payable - retainage	(217,808.76)	0.00
	.,		
	Total no subcodes	(1,036,786.56)	(887,971.60)
100	Accounts payable Total	(1,036,786.56)	(887,971.60)
110	Customer deposits		
	110, No Subcodes		
	404000 - Customer deposits	0.00	0.00
	Total no subcodes	0.00	0.00
110	Customer deposits Total	0.00	0.00
115	N/P Current portion		
1	115, No Subcodes		
521	405010 - Notes payable - RUS - current portion	(157,000.00)	(240,000.00)
	Total no subcodes	(157,000.00)	(240,000.00)
1			

)		Adjusted Balance	Adjusted Balance
		Dec 31, 2008	Dec 31, 2009
115	N/P Current portion Total	(157,000.00)	(240,000.00)
113	11/1 Cuttent portion Total	(157,000.00)	(240,000.00)
120	Accrued taxes and expense		
	120, No Subcodes		
	24000 - Payroll Liabilities	0.00	0.00
	401010 - Accounts payable - federal w/h	(1,747.01)	0.00
	401020 - Accounts payable - state w/h	(498.08)	(376.09)
	401022 - Taxes - State Use Tax	(181.56)	(280.58)
	401030 - Accounts payable - FICA	0.00	0.00
	401040 - Accounts payable - state use tax	0.00	0.00
	401050 - Accounts payable - federal excise tax	(163.09)	(247.38)
	401090 - Taxes - Alpena County	(3,983.91)	(1,196.71)
	401100 - AP - NECA	0.00	0.00
	408010 - Accrued employer FICA	0.00	0.00
	408020 - Accrued MESC taxes	(43.21)	(211.47)
	408030 - Accrued FUTA taxes	(55.96)	(18.91)
	408040 - Accrued MI Withholding	0.00	0.00
	408050 - Property Tax	0.00	0.00
	413000 - Rent payable	0.00	0.00
	413010 - Accrued wages	0.00	(1,384.62)
	413040 - Deferred revenue	0.00	0.00
	430001 - Manager payable - Paul Hartman	(60,211.92)	(60,211.92)
	430002 - Manager payable - Ronald Siegel	0.00	0.00
	430003 - Officer payable - John Reigle	(50,000.00)	(102,529.59)
	Total no subcodes	(116,884.74)	(166,457.27)
		(114,004,74)	(1((457.07)
120	Accrued taxes and expense Total	(116,884.74)	(166,457.27)
7	Marie Bereitt.		
125	Notes Payable		
1	125, No Subcodes	0.00	0.00
	405000 - Notes payable - RFTC - current portion	0.00	0.00
	421000 - Notes payable - RFTC - long-term	0.00	0.00
	421001 - Notes payable - RFTC - current contra	0.00	0.00
	421010 - Notes payable - RUS - long-term	(4,357,054.72)	(6,142,744.44)
	421011 - Notes payable - RUS - current contra	157,000.00	240,000.00
	m . 1 . 1 . 1	(4 200 054 72)	(5 000 744 44)
	Total no subcodes	(4,200,054.72)	(5,902,744.44)
125	Notes Penals Tatel	(4 200 054 72)	(5 002 744 44)
125	Notes Payable Total	(4,200,054.72)	(5,902,744.44)
130	Deferred Learner Terr		
130	Deferred Income Tax	0.00	0.00
130	Deferred Income Tax Total	0.00	0.00
1.50	\$4		
150	Members		
	150, No Subcodes	(1.7(0.00)	(2.520.00)
	451000 - Memberships	(1,760.00)	(2,520.00)
	Metal as subsede	/1 7/0 00v	(2.520.00)
	Total no subcodes	(1,760.00)	(2,520.00)
1.50	M	(1.7(0.00)	(2.520.00)
150	Members Total	(1,760.00)	(2,520.00)
155	Patronage capital		
	155, No Subcodes	040 440 00	(04.554.00
	455000 - Retained earnings - beginning year	818,163.80	624,556.89
	m	010 173 00	(04 554 90
	Total no subcodes	818,163.80	624,556.89
	Deanness and All Monat	010 127 00	624 556 90
155	Patronage capital Total	818,163,80	624,556.89
200	Local service revenue		
7	200, No Subcodes	(44.054.00)	(20.070.04)
	500100 - Local service revenue	(11,851.98)	(20,279.96)
200	506000 - Other local service revenue	0.00	0.00
	506010 - E911 - billed	0.00	0.00
	506020 - E911 - reported	0.00	0.00
	506030 - E911 - settlements	0.00	0.00

)		4 31	A Stores S. William
ممسا		Adjusted Balance Dec 31, 2008	Adjusted Balance Dec 31, 2009
	506040 - Other	(45.33)	(8,477.19)
	508100 - End User Common Line Revenue	(4,087.55)	(7,747.74)
	Total no subcodes	(15,984.86)	(36,504.89)
200	Local service revenue Total	(15,984.86)	(36,504.89)
205	Access service revenue		
203	205, No Subcodes		
	506900 - High Cost Loop Support	(410,381.00)	(502,983.00)
	508110 - End user rev - interstate - billed	0.00	0.00
	508120 - End user rev - interstate - reported	0.00	0.00
	508130 - End user rev - interstate - settlements	0.00	0.00
	508210 - Switched access rev - interstate - billed	0.00 0.00	0.00 0.00
	508220 - Switched access rev - interstate - reported 508230 - Switched access rev - TS interstate - settleme		(218,568.01)
	508240 - Switched access rev - CCL interstate settleme		(194,486.00)
	508310 - Special access rev - interstate - billed	(5,380.69)	0.00
	508320 - Special access rev - interstate - reported	0.00	0.00
	508400 - Interstate USF settlements	0.00	0.00
	508430 - Switch access rev - CCL intrastate	(22,382.36)	(36,583.26)
	509100 - Intrastate prior period adjustments	0.00	0.00
	509110 - End user rev - intrastate - billed	0.00	0.00
	509120 - End user rev - intrastate - reported	0.00	0.00
	509210 - Switched access rev - intrastate - billed	0.00	0.00
	509220 - Switched access rev - intrastate - reported	0.00	0.00
	509310 - Special access rev - intrastate - billed	0.00	0.00
	509320 - Special access rev - intrastate - reported	0.00	0.00
May.	510010 - Toll revenue - billed	(7,324.24)	(12,088.65)
	510020 - Toll revenue - reported	0.00	0.00
1	510030 - Other	(1,811.64)	(2,941.14)
	Total no subcodes	(1,037,594.26)	(967,650.06)
205	Access service revenue Total	(1,037,594.26)	(967,650.06)
210	Miscellaneous revenue		
	210, No Subcodes		
	520000 - Miscellaneous revenues	0.00	0.00
	523000 - Directory revenues	0.00	0.00
	526020 - Other	0.00	0.00
	526100 - Other	(257.40)	(258.05)
	527010 - Billing and collection - interstate	0.00	0.00
	528020 - Billing and collection - intrastate	0.00	0.00
	528200 - Sale of non-regulated equipment	(10.631.17)	0.00 (21,511.73)
	528310 - Internet revenue	(10,631.17) 0.00	0.00
	528350 - Internet adjustments 582100 - Internet revenue	0.00	0.00
	502100 - Internet revenue		
	Total no subcodes	(10,888.57)	(21,769.78)
210	Miscellaneous revenue Total	(10,888.57)	(21,769.78)
215	Uncollectable revenue		
	215, No Subcodes		
	530000 - Uncollectible revenue	0.00	0.00
	Total no subcodes	0.00	0.00
215	Uncollectable revenue Total	0.00	0.00
300	Plant expense		
	300, No Subcodes	0.00	0.00
)	66000 - Payroll	0.00	0.00
-	611200 - Motor vehicle expense 611400 - Other work equipment expense	0.00	0.00
	612100 - Uner work equipment expense	21,332.45	26,510.83
	612120 - Land and building expense 612120 - Building rent	350.00	31,650.00
	Wisher Sanding Ivill	20000	

-			
		Adjusted Balance	Adjusted Balance
100		Dec 31, 2008	Dec 31, 2009
	612200 - Furniture expense	0.00	0.00
	612300 - Office equipment expense	322.19	1,680.99
	612400 - General purpose computers expense	878.85	5,103.01
	621200 - Digital electronic switching expense	33,898.58	30,796.31
	623200 - Circuit equipment expense	16,425.27	10,355.01
	623210 - Circuit equipment lease	53,886.11	52,197.08
	623220 - Access charge	0.00	6,518.64
	636201 - Network monitoring	571.78	11,649.97
	636211 - Toll resale	1,240.64	22,766.35
	641100 - Poles expense	0.00	0.00
	642100 - Aerial cable expense	0.00	0.00
	642110 - Aerial drops expense	0.00	0.00
	642200 - Fiber optic cable expense	0.00	0.00
	642300 - Buried cable expense	0.00	0.00
	642310 - Buried drop expense	0.00	0.00
	644100 - Conduit systems expense	0.00	0.00
	• •		
	Total no subcodes	128,905.87	199,228.19
300	Plant expense Total	128,905.87	199,228.19
305	Plant nonspecific		
	305, No Subcodes		
	651200 - Provisioning expense	0.00	0.00
	653100 - Power expense	4,326.70	5,486.43
	653200 - Network administration expense	150.00	8,227.70
	653300 - Testing expense	0.00	0.00
	653400 - Plant oper, Admin, Expense	5,513.64	11,065.24
	653500 - Engineering expense	4,240.00	13,633.86
1	654000 - Access expense	2,312.29	0.00
1	m . 1 . 1	46.540.60	20.442.22
100	Total no subcodes	16,542.63	38,413.23
305	Plant nonspecific Total	16,542.63	38,413.23
310	Depreciation		
	310, No Subcodes		
	656100 - Depreciation expense	192,328.52	281,909.43
	656500 - Amortization expense	2,750.00	2,750.00
	Total no subcodes	195,078.52	284,659.43
310	Depreciation Total	195,078.52	284,659.43
315	Customer operations		
313	315, No Subcodes		
	657001 - Benefits cleared	0.00	0.00
	657010 - Benefits clearing - FICA	0.00	0.00
	657020 - Benefits clearing - MESC	0.00	0.00
	657030 - Benefits clearing - FUTA	0.00	0.00
	657040 - Benefits clearing - health	0.00	0.00
	657050 - Benefits clearing - pension	0.00	0.00
	657060 - Benefits clearing - work. comp.	0.00	0.00
	661300 - Advertising expense	1,354.04	15,998.07
	662100 - Call completion service expense	0.00	0.00
	662200 - Number service expense	452.63	380.80
	662300 - Customer service expense	36,890.79	19,653.82
	COMPONE - Customer service expense	30,070.77	19,033.02
	Total no subcodes	38,697.46	36,032.69
315	Customer operations Total	38,697.46	36,032.69
320	Corporate operations		
44	320, No Subcodes	22 210 05	71.001.07
	671100 - Executive expense	32,210.07	71,901.97
	672000 - General and admin expense	13,705.23	121,785.84
	672100 - Accounting and finance expense	67,603.26	77,633.03

		Adjusted Balance Dec 31, 2008	Adjusted Balance Dec 31, 2009
	672200 - Cost study expenses 672500 - Legal expense 672810 - Insurance expense	89,665.00 15,306.23 12,001.50	92,175.00 48,626.04 17,775.35
	701000 - Payroll clearing	0.00	0.00
	Total no subcodes	230,491.29	429,897.23
320	Corporate operations Total	230,491.29	429,897.23
350	Operating taxes 350. No Subcodes		-
	724030 - Operating taxes - Ad Valorum 724040 - Operating taxes - other	69,384.95 0.00	77,133.33 2,916.52
	Total no subcodes	69,384.95	80,049.85
350	Operating taxes Total	69,384.95	80,049.85
355 355	Federal income taxes Federal income taxes Total	0.00	0.00
360	Nonoperating & nonreg 360, 271 Interest income		
	731000 - Interest income	(237,27)	(198.05)
	Total Interest income	(237.27)	(198.05)
	360, 272 Dividend income 732000 - Dividend income	0.00	0.00
	Total Dividend income	0.00	0.00
	360, 273 Other income 999 - Undistributed	0.00	0.00
	730000 - Non-operating income and expense	0.00 0.00	0.00 0.00
	950000 - Suspense account	0.00	0.00
	Total Other income	0.00	0.00
	360, 274 Other charges 737000 - Special charges	0.00	67 124 24
	737000 - Special charges 791102 - Customer Premise Work (non-reg)	0.00	57,124.24 834.56
	799162 - Voice Mail Expense	4,800.00	4,800.00
	Total Other charges	4,800.00	62,758.80
	360, 275 Income taxes Total Income taxes	0.00	0.00
360	Nonoperating & nonreg Total	4,562.73	62,560.75
370	Interest expense 370, No Subcodes		
	734000 - Allowance for Funds Used During Constructi	ion (9,816.00)	(16,030.00)
	751000 - Interest expense - RFTC	4,583.37	8,632.87
	751010 - Interest expense - RUS	192,429.96	269,409.54
	Total no subcodes	187,197.33	262,012.41
370	Interest expense Total	187,197.33	262,012.41
	Financials Total	0.00	0.00
1	Profit/(Loss)	193,606.91	(366,929.05)

Allband Communications Cooperative Grouping Schedule Report Unassigned Accounts for Financials

20510 Page 7

Account Number	Description	Adjusted Balance Dec 31, 2008	Adjusted Balance Dec 31, 2009
6000	Payroll Expense	0.00	0.00

Allband Communications Cooperative Grouping Schedule Report Unassigned Accounts

20510 Page 8

The Following Accounts Have Not Been Assigned To Any Schedule

Account Number	Description	Adjusted Balance Dec 31, 2008	Adjusted Balance Dec 31, 2009
6000	Payroll Expense	0.00	0.00

Appendix 2, Attachment 2C

Allband Communications Cooperative

2010 Audited Financial Statements

Michigan 570 - Allband

ALLBAND COMMUNICATIONS COOPERATIVE (A Michigan Non-Profit Cooperative)

CURRAN, MICHIGAN

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

DECEMBER 31, 2010, AND 2009

CONTENTS

	PAGE NUMBER
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS: BALANCE SHEET STATEMENT OF OPERATIONS STATEMENT OF MEMBERS' EQUITY STATEMENT OF CASH FLOWS NOTES TO FINANCIAL STATEMENTS	2 - 3 4 5 6 7 - 12
SUPPLEMENTAL REPORTS:	
2010 CONSOLIDATED FINANCIAL STATEMENTS: BALANCE SHEET STATEMENT OF OPERATIONS STATEMENT OF CASH FLOWS	13 - 14 15 16 - 17
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING	18 - 19
INDEPENDAND AUDITOR' MANAGEMENT LETTER	20 - 24

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LALLY GROUP, PC

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EARL J. POLESKI, CPA JENNIFER E. RIVERA, CPA JON J. SUPERNAW, CPA

March 29, 2011

To the Board of Directors
Allband Communications Cooperative
7251 Cemetery Road
Curran, Michigan 48728

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying balance sheet of ALLBAND COMMUNICATIONS COOPERATIVE AND ITS WHOLLY OWNED SUBSIDIARY (A Michigan Non-Profit Cooperative) as of December 31, 2010, and 2009, and the related statements of operations, members' equity, and cash flows for the years then ended. These financial statements are the responsibility of Allband Communications Cooperative's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Allband Communications Cooperative and its wholly owned subsidiary at December 31, 2010, the results of its operations, and its cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated March 29, 2011, on our consideration of Allband Communications Cooperative's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Respectfully submitted,

Lally Group, PC

ALLBAND COMMUNICATIONS COOPERATIVE (A Michigan Mutual Company) CURRAN, MICHIGAN

BALANCE SHEET DECEMBER 31, 2010, AND 2009

ASSETS

	2010	2009
CURRENT ASSETS:		
Cash and cash equivalents	\$ 130,890	\$ 83,537
Accounts receivable - telecommunications	139,483	20,113
Materials and supplies	288,548	330,097
Loan origination fees - current	2,750	2,750
Prepayments	4,815	7,262
Total current assets	566,486	443,759
VANOUED ENT 4 00 ETC		
NONCURRENT ASSETS:		
Deferred charges	39,187_	41,938
PROPERTY, PLANT, AND EQUIPMENT:		
Telecommunications plant in service Telecommunications plant under	6,657,254	5,840,797
construction	236,969	559,261
	6,894,223	6,400,058
Less: Depreciation reserve	984,868	650,512
Net book value	5,909,355	5,749,546
Total assets	\$ 6,515,028	\$ 6,235,243

LIABILITIES AND MEMBERS' EQUITY

	2010	2009
CURRENT LIABILITIES: Accounts payable Accounts payable - related party Accounts payable - NECA Current portion - RUS debt Current portion - John Reigle debt Accrued taxes Total current liabilities	\$ 597,93 60,21 260,00 26,76 5,61 950,52	2 60,212 0 27,035 00 240,000 60 21,520 4 3,718
LONG-TERM DEBT: RUS mortgage notes John Reigle note payable Total long-term liabilities	6,426,56 53,95 6,480,52	81,010
MEMBERS' EQUITY: Memberships issued Patronage capital (deficit) Total members' equity (deficit)	2,98 (918,99 (916,01	(991,488)
Total liabilities and members' equity	\$ 6,515,02	8 \$ 6,235,243

STATEMENT OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 2010, AND 2009

	2010	2009
OPERATING REVENUES: Basic local network services Network access services Long distance Miscellaneous Total operating revenues	\$ 36,613 1,331,469 22,907 1,792 1,392,781	\$ 28,757 960,368 15,030 258 1,004,413
OPERATING EXPENSES: Plant specific operations Plant nonspecific operations Depreciation and amortization Customer operations Corporate operations Total operating expenses	146,878 72,348 337,106 7,252 378,467 942,051	187,990 38,413 284,659 36,033 429,897 976,992
GROSS OPERATING INCOME (LOSS)	450,730	27,421
OPERATING TAXES: Other operating taxes OPERATING INCOME (LOSS)	<u>70,249</u> 380,481	80,050 (52,629)
NONOPERATING INCOME (DEDUCTIONS): Interest income Interest expense - RUS Interest expense - other Internet income (loss) net Other income (expense) Total nonoperating income (deductions)	48 (307,391) (15,029) 10,958 3,428 (307,986)	198 (253,380) (8,633) 4,639 (57,124) (314,300)
NET INCOME (LOSS)	\$ 72,495	\$ (366,929)

STATEMENT OF MEMBERS' EQUITY FOR THE YEARS ENDED DECEMBER 31, 2010, AND 2009

	MEM	BERSHIP	(TRONAGE CAPITAL DEFICIT)		EQUITY		TOTAL
BEGINNING BALANCE - JANUARY 1, 2009	\$	1,760	\$	(624,559)	\$	0	\$	(622,799)
Memberships - net		760						760
Net income (loss)				(366,929)				(366,929)
ENDING BALANCE - DECEMBER 31, 2009	_\$	2,520	_\$_	(991,488)	_\$_	0		(988,968)
Memberships - net	\$	460	\$	0	\$	0	\$	460
Net income (loss)				89,861		(17,366)		72,495
ENDING BALANCE - DECEMBER 31, 2010	\$	2,980	\$	(901,627)	\$	(17,366)	<u>\$</u>	(916,013)

STATEMENT OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2010, AND 2009

		2010		2009
OPERATING ACTIVITIES: Net income (loss) Adjustments to reconcile net income (loss) to not each provided by experting activities:	\$	72,495	\$	(366,929)
to net cash provided by operating activities: Depreciation and amortization Changes in operating assets and liabilities: (Increase) Decrease in:		337,106		284,659
Accounts receivable Inventories Other current assets		(119,370) 41,549 2,447		98,283 (170,576) 15,951
Increase (Decrease) in: Accounts payable Accounts payable - NECA Accrued taxes		(290,037) (27,035) 1,896		(148,817) 27,035 (5,705)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES		19,051		(266,099)
INVESTING ACTIVITIES: Purchase of property, plant, and equipment		(494,165)		(1,492,331)
FINANCING ACTIVITIES: Increase in memberships Proceeds from borrowings on long-term debt - RUS Proceeds from borrowings on other long-term debt Principal payments on long-term debt		460 798,229 0 (276,222)		760 1,981,111 59,956 (202,847)
NET CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES		522,467		1,838,980
(DECREASE) IN CASH AND CASH EQUIVALENTS		47,353		80,550
CASH AND CASH EQUIVALENTS - BEGINNING		83,537		2,987
CASH AND CASH EQUIVALENTS - ENDING	\$	130,890	\$	83,537
SUPPLEMENTAL DISCLOSURES: Interest paid (\$14,250 and \$16,030 capitalized respectively) Income taxes paid	\$ \$	336,670 0	\$ \$	278,043 0

ALLBAND COMMUNICATIONS COOPERATIVE NOTES TO FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The consolidated financial statements include the accounts of the company and its wholly owned subsidiary after elimination of all significant inter-company balances and transactions.

The Allband Communications Cooperative (herein referred to as "the cooperative") provides telecommunication services to member subscribers in the northeast portion of the lower peninsula of Michigan. The cooperative started plant construction in 2005, with the first customer service occurring on November 30, 2006.

The accounting policies of the cooperative conform to U.S. generally accepted accounting principles and reflect practices appropriate to the telephone industry. The accounting records were maintained in accordance with the Uniform System of Accounts for Class A and Class B Telephone Companies prescribed by the Michigan Public Service Commission.

Subsequent Events -

Management has evaluated subsequent events through March 29, 2011, the date the financial statements were available for issue.

Tax Status -

The cooperative operates as a Section 501(c)(12) Corporation as defined by the Internal Revenue Code.

Concentrations of Credit Risk -

The cooperative grants credit to member subscribers, substantially all of whom are located in the Curran, Michigan area. The cooperative will also grant credit to connecting toll companies located throughout the United States.

The cooperative received 96% of its 2010 revenues from access revenues and assistance provided by the Federal Universal Services Fund. As a result of the Telecommunications Act of 1996, the manner in which access revenues and Universal Service Funds are determined is currently being modified by regulatory bodies.

Use of Estimates -

The process of preparing financial statements in conformity with U.S. generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Cash and Cash Equivalents -

The cooperative considers highly liquid investments with maturities of ninety days or less to be cash equivalents. Securities with maturities between ninety days and one year are considered temporary investments.

Accounts Receivable -

Accounts receivable are carried at their estimated collectible amounts. Trade credit is generally extended on a short-term basis, thus accounts receivable do not bear interest. Accounts receivable are periodically evaluated for collectability based on past credit history with customers.

ALLBAND COMMUNICATIONS COOPERATIVE NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Materials and Supplies -

Inventories are stated at cost on the first-in, first-out (FIFO) method. A physical inventory was taken by management effective December 31, 2010, and 2009. Materials and supplies consist primarily of fiber cable purchased for future plant construction.

Telephone Plant and Depreciation -

Telephone plant in service and under construction is capitalized at original cost. The cooperative provided for depreciation on a straight-line basis at annual rates which will amortize the depreciable property over its estimated useful life.

At the time the plant is retired, the retirements credited to telephone plant together with removal costs less salvage are charged to the depreciation reserve unless the retirement is of an extraordinary or abnormal nature.

No gains or losses are recognized in connection with routine retirements of depreciable property. Repairs and renewals of minor items of property are included in plant specific operations expense.

Revenue Recognition -

Network access services are anticipated to be furnished in conjunction with AT&T, Verizon, and other long-distance carriers, however, connection agreements have not been finalized. Access settlements include NECA pooled settlements on an actual cost reimbursement basis. Access and local service revenues are substantially recognized when such services are performed.

The cooperative recognizes taxes charged to customers on a net basis in the Statement of Operations.

Maintenance -

Accounting for maintenance and repairs was in conformity with the Uniform System of Accounts prescribed by the Michigan Public Service Commission.

Advertising -

Advertising costs are expensed to operations when incurred. Advertising expense for 2010 and 2009 totaled \$777 and \$15,998, respectively.

Allband Multimedia, LLC -

In 2010, the cooperative created a single member LLC named Allband Multimedia, LLC. This company will provide multimedia services to the subscribers of Allband Communications Cooperative. On January 1, 2010, Allband Multimedia, LLC became active.

ALLBAND COMMUNICATIONS COOPERATIVE NOTES TO FINANCIAL STATEMENTS

2. INVESTMENT IN TELEPHONE PLANT AND CABLE ASSETS:

Telephone plant in service was stated at cost. Listed below are the major classes of the telephone plant as of December 31, 2010, and 2009:

	2010	2009
Land	\$ <u>9,8</u> 87	\$ 9,887
Buildings	269,699	269,699
General purpose computers	4,087	2,210
Office equipment	19,700	10,401
Network equipment	888,356	882,751
Cable	5,380,997	4,585,576
Vehicles	36,674	36,674
Other work equipment	47,854	43,599
Telephone plant in		
service '	<u>\$6,657,254</u>	\$5,840,79 <u>7</u>

The cooperative provided for depreciation on a straight-line basis at annual rates, which will amortize the depreciable property over its estimated useful life. The projected composite depreciation rate is approximately 5.3% during the first six years. Estimated useful life for the major asset classes are as follows:

Buildings	20 Years
General purpose computers	10 Years
Network equipment	10 Years
Cable	22 Years
Other work equipment	15 Years

3. CONSTRUCTION IN PROGRESS:

During 2005, the cooperative began the operations and started construction on the central office equipment and distribution plant. Phase 1 and 2 of plant under construction was completed as of December 31, 2008. Phase 3 of plant under construction was completed as of December 31, 2009.

ASSETS PLEDGED:

All assets are pledged as security for the long-term debt to RUS.

NOTES TO FINANCIAL STATEMENTS

LONG-TERM DEBT:

Long-term debt consists of notes payable to the United States of America through the Rural Utilities Service (RUS). The notes are collateralized by substantially all of the telephone plant. The loan allows draws until October 2011, with a total loan amount of \$8,067,000; the interest rate on the loan is 5% per annum. As of December 31, 2010, the total amount drawn on the loan was \$7,235,721, with a remaining available balance of \$831,279. Interest is paid quarterly, with principal payments beginning June 2008.

Scheduled maturities of existing RUS long-term debt for each of the next five years are as follows:

2011	\$260,000
2012	\$275,000
2013	\$290,000
2014	\$305,000
2015	\$320,000

The mortgage to the United States of America, underlying the RUS notes, contains certain restrictions on the declaration or payment of cash dividends, redemption of capital stock, or investment in affiliated companies except as might be specifically authorized in writing in advance by the RUS note holders.

At December 31, 2010 and 2009, the cooperative did not meet the minimum times interest earned ratio (TIER) as defined in Section 5.12 of the RUS loan agreement. In accordance with Section 5.13 of the RUS loan agreement, the cooperative provided to RUS a written plan to achieve the RUS specified TIER. RUS has accepted the plan.

Under the provisions of the loan contract, advances of loan funds shall be deposited in a special construction account and held in trust for the government until disbursed. The loan contract restricts disbursements to such expenditures as RUS may authorize. All payments from the trust accounts are subject to RUS approval.

The cooperative's loan from John Reigle for 2010 and 2009 totaled \$80,714 and \$102,530, respectively. Payments including interest at 10% and 12% are to be paid monthly. The loan is unsecured.

Scheduled maturities of existing additional long-term debt for each of the next five years are as follows:

2011	\$26,760
2012	\$6,885
2013	\$7,600
2014	\$8,400
2015	\$9,000

NOTES TO FINANCIAL STATEMENTS

6. INTEREST COST:

The cooperative follows the policy of capitalizing interest as a component of the cost of property, plant, and equipment constructed for its own use. This allowance for funds used during construction ("AFUDC") for 2010 and 2009 amounted to \$14,250 and \$16,030, respectively. Total interest paid for 2010 and 2009 amounted to \$336,670 and \$278,043, respectively.

7. RELATED PARTY TRANSACTIONS:

During 2007, management awarded back pay for reaching certain performance targets to both current and former employees. The unpaid balance was \$60,212 and \$60,212 at December 31, 2010, and 2009, respectively.

8. OPERATING LEASES:

Circuit equipment: Total circuit equipment lease expense for 2010 and 2009 was \$39,701 and \$42,000, respectively.

Equipment: The cooperative signed a lease in December 2008, for various types of equipment to aid in the installation of fiber. Total equipment lease expense for 2010 and 2009 was \$70,185 and \$66,300, respectively. The lease is a 60-month lease which started in January 2009.

Building: The cooperative signed a lease on April 29, 2009, for property which is being used as the cooperative's office main office. Total building lease for 2010 and 2009 was \$44,086 and \$31,200, respectively. The lease is a 20-year lease which started in April 2009.

Future minimum lease payments for the four succeeding years are as follows:

2011	\$120,269
2012	\$121,747
2013	\$123,270
2014	\$130,080

9. FEDERAL TAX STATUS:

This cooperative operates as a tax-exempt corporation as defined by the Internal Revenue Code Section 501(c)(12).

10. RECLASSIFICATIONS:

Certain reclassifications have been made to the 2009 financial statement presentation to correspond to the current year's format. Total equity and net income are unchanged due to these reclassifications.

ALLBAND COMMUNICATIONS COOPERATIVE NOTES TO FINANCIAL STATEMENTS

11. AARA GRANT:

During 2010, Allband Communications Cooperative was awarded two grants as part of the USDA's Broadband Initiatives Program. The totals of these grants is \$9,730,657. The funds are to be used for providing internet service to unreached areas within 3 years. Construction using these funds is expected in 2011.



ALLBAND COMMUNICATIONS COOPERATIVE (A Michigan Mutual Company) CURRAN, MICHIGAN

BALANCE SHEETS DECEMBER 31, 2010

ASSETS

JRRENT ASSETS: Cash and cash equivalents Accounts receivable - telecommunications Accounts receivable - affiliate Materials and supplies Loan origination fees - current Prepayments Total current assets	E 3	Allband Communications Cooperative \$ 129,024 138,900 46,899 288,548 2,750 4,815 610,936	Multir \$	Allband Multimedia, LLC \$ 1,866 583 27,084 29,533	₩ 6	Eliminations 0 73,983 73,983	ပိ မှ	Consolidated 130,890 139,483 0 2,750 4,815 566,486
		39,187 (17,366) 21,821		0		(17,366)		39,187 0 39,187
PROPERTY, PLANT, AND EQUIPMENT: Telecommunications plant in service Telecommunications plant under construction		6,657,254						6,657,254
		6,894,223 984,868 5,909,355		0 0		0 0		6,894,223 984,868 5,909,355
·	↔	6,542,112	₩	29,533	ક	56,617	↔	6,515,028

LIABILITIES AND MEMBERS' EQUITY

Consolidated	\$ 597,934 0 60,212 260,000 26,760 5,614	6,426,567 53,954 6,480,521	2,980 0 (918,993) (916,013)	\$ 6,515,028
Eliminations	\$ 73,983 73,983	0	(17,366)	\$ 56,617
Aliband Multimedia, LLC	\$ 0 46,899 46,899	0	(17,366)	29,533
Allband Communications Cooperative	\$ 597,934 \$ 27,084 60,212 260,000 26,760 5,614 977,604	6,426,567 53,954 6,480,521	2,980 (918,993) (916,013)	\$ 6,542,112 \$
CHRRENT HARIFIEN:	Accounts payable Accounts payable - affiliate Accounts payable - related party Current portion - RUS Current portion - John Reigle debt Accrued taxes Total current liabilities	LONG-TERM DEBT: RUS mortgage notes John Reigle note payable Total long-term liabilities	MEMBERS' EQUITY: Memberships issued Equity Patronage capital (deficit) Total members' equity (deficit)	Total liabilities and members' equity

(The accompanying notes are an integral part of these financial statements)

ALLBAND COMMUNICATIONS COOPERATIVE

STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2010

(Allband nmunications ooperative		Allband media, LLC	Elio	minations	Co	nsolidated
OPERATING REVENUES:		ooperative	<u>wuuu</u>	media, LLC		Illitations		iisolidated
Basic local network services	\$	36,613	\$	0	\$	0	\$	36,613
Network access services Long distance		1,359,793 22,907				28,324		1,331,469 22,907
Miscellaneous		1,792						1,792
Total operating revenues		1,421,105		0		28,324		1,392,781
		.,	•					1100-1101
OPERATING EXPENSES:								
Plant specific operations		146,878						146,878
Plant nonspecific operations		72,348						72,348
Depreciation and amortization		337,106						337,106
Customer operations		7,252						7,252
Corporate operations		378,467						378,467
Total operating expenses		942,051		0		0		942,051
GROSS OPERATING INCOME (LOSS)	ı	479,054		0		28,324		450,730
PERATING TAXES:								
Other operating taxes		70,249						70,249
3 3 3								
OPERATING INCOME (LOSS)		408,805		0		28,324		380,481
NONOPERATING INCOME (DEDUCTION	ONS	3).						
Interest income	J 1 44	48						48
Interest expense - RUS		(307,391)						(307,391)
Interest expense - other		(15,029)						(15,029)
Income (loss) from affiliate		(17,366)				(17,366)		0
Other income (expense)		3,428				(,,		3,428
Internet revenue		•		28,394				28,394
Internet (expense)				(45,760)		(28,324)		(17,436)
Total nonoperating income								
(deductions)		(336,310)		(17,366)		(45,690)		(307,986)
NET INCOME (LOSS)	\$	72,495	\$	(17,366)	\$	(17,366)	\$	72,495

(The accompanying notes are an integral part of these financial statements)

ALLBAND COMMUNICATIONS COOPERATIVE

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2010

•								
E C	munications	7 4(4.7.	Vilband	į	1	(
3	operative		negla, בבכ		Inations	3	nsolidated	
•		,						
₩	72,495	ક્ક	(17,366)	↔	17,366	↔	72,495	
	337,106						337,106	
	17,366				(17,366)		0	
	•				()		1	
	(118,787)		(583)				(119.370)	
	(46,899)		(27,084)		73,983		0	
	41.549						41,549	
	2,447						2.447	
	<u> </u>						i Î	
	(290,037)						(290.037)	
	27,084		46,899		(73,983)		`o	
	(27,035)						(27,035)	
	1,896	ļ		}			1,896	
	17,185		1,866		0		19,051	
₩	(494,165)	8	0	↔	0	↔	(494,165)	
	Ο Ο Θ Φ Φ Φ Φ Φ Φ Φ Φ Φ Φ Φ Φ Φ Φ Φ Φ Φ	Coop	Cooperative 72,495 72,495 17,366 17,366 17,366 17,366 17,366 17,366 17,366 17,366 17,366 17,185 2,447 27,035) 1,896 17,185	Cooperative Aultimedia 72,495 \$ (1 72,495 \$ (1 72,495 \$ (1 72,495 \$ (1 7,366 17,366 17,366 2,447 (290,037) 27,084 (27,035) 1,896 17,185 (494,165) \$	Cooperative Multimedia, LLC 72,495 \$ (17,366) 17,366 17,366 17,366 17,366 17,366 17,366 17,366 17,366 17,366 17,366 17,366 17,366 17,489 2,447 (290,037) 27,084 (27,035) 1,896 17,185 1,866 1,494,165) \$ 0	Cooperative Multimedia, LLC 72,495 \$ (17,366) 17,366 17,366 17,366 17,366 17,366 17,366 17,366 17,366 17,366 17,366 17,366 17,366 17,489 2,447 (290,037) 27,084 (27,035) 1,896 17,185 1,866 1,896 1,896	Cooperative Allband LLC Eliminations 72,495 \$ (17,366) \$ 17,366 17,366 17,366 17,366 (118,787) (27,084) 73,983 27,084 (290,037) 27,084 (27,085) 1,866 17,185 1,866 (494,165) \$ 0 \$ 0	Cooperative Multimedia, LLC Eliminations Consc 72,495 \$ (17,366) \$ 17,366 \$ 3 337,106 17,366 \$ (17,366) \$ (

(The accompanying notes are an integral part of these financial statements)

ALLBAND COMMUNICATIONS COOPERATIVE

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2010

Allband Communications Allband	Mult	9	798,229	(276,222)		522,467 0		45,487 1,866	83,537	\$ 129 024 & 1866 &	•		\$ 336,670 \$ 0 \$	\$ O \$ O
	FINANCING ACTIVITIES:	Increase in memberships	Proceeds from borrowings on long-term debt	Principal payments on long-term debt	NET CASH PROVIDED BY (USED FOR)	FINANCING ACTIVITIES	(DECREASE) IN CASH AND CASH	EQUIVALENTS	CASH AND CASH EQUIVALENTS - BEGINNING	CASH AND CASH FOUNTALENTS - ENDING		SUPPLEMENTAL DISCLOSURES: Interest paid (\$14,250 and \$16,030	capitalized respectively)	Income taxes paid

(The accompanying notes are an integral part of these financial statements)



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March 29, 2011

Board of Directors Allband Communications Cooperative 7251 Cemetery Road Curran, Michigan 48728

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING

We have audited the financial statements of Allband Communications Cooperative as of and for the year ended December 31, 2010, and have issued our report thereon dated March 29, 2011. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

COMPLIANCE

As part of obtaining reasonable assurance about whether Allband Communications Cooperative's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters, other than as described in Note 5 of the financial statements, that are required to be reported under Government Auditing Standards.

Board of Directors Allband Communications Cooperative March 29, 2011

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered Allband Communications Cooperative's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Cooperative's internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses, and therefore, there can be no assurance that all deficiencies or material weaknesses have been identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by management. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a significant deficiency, or combination of significant deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We believe the following deficiencies to be significant deficiencies which constitute material weaknesses:

- Comment: While the Cooperative has obtained an awareness of the implication of fraud in their business, they have yet to develop a formal antifraud program with stated control processes.
- Management's Response: The Cooperative has given consideration to this matter and currently believes this is adequately addressed through strong management oversight in light of the relatively small size of the Cooperative.

This report is intended for the information of the audit committee, management, the Rural Utilities Service, and supplemental lenders. However, this report is a matter of public record and its distribution is not limited.

Lally Group, PC



LALLY GROUP, PC CERTIFIED PUBLIC ACCOUNTANTS

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March 29, 2011

Board of Directors Allband Communications Cooperative 7251 Cemetery Road Curran, Michigan 48728

INDEPENDENT AUDITORS' MANAGEMENT LETTER

We have audited the financial statements of Allband Communications Cooperative for the year ended December 31, 2010, and have issued our report thereon dated March 29, 2011. We conducted our audit in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and 7 CFR Part 1773, Policy on Audits of Rural Utilities Service (RUS) Borrowers. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing our audit of the financial statements of Allband Communications Cooperative for the year ended December 31, 2010, we considered its internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

A description of the responsibility of management for establishing and maintaining the internal control over financial reporting and the objectives of and inherent limitations in such control is set forth in our independent auditors' report on compliance and on the internal control over financial reporting dated March 29, 2011, and should be read in conjunction with this report.

Board of Directors Allband Communications Cooperative March 29, 2011

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting that we consider to be material weaknesses.

7 CFR Part 1773.33 requires comments on specific aspects of the internal control over financial reporting, compliance with specific RUS loan and security instrument provisions, and other additional matters. We have grouped our comments accordingly. In addition to obtaining reasonable assurance about whether the financial statements are free from material misstatements, at your request, we performed tests of specific aspects of the internal control over financial reporting, of compliance with specific RUS loan and security instrument provisions, and of additional matters. The specific aspects of the internal control over financial reporting, compliance with specific RUS loan and security instrument provisions, and additional matters tested include, among other things, the accounting procedures and records, materials control, compliance with specific RUS loan and security instrument provisions set forth in 7 CFR Part 1773.33(e)(2), and related party transactions. In addition, our audit of the financial statements also included the procedures specified in 7 CFR Part 1773.38-.45. Our objective was not to provide an opinion on these specific aspects of the internal control over financial reporting, compliance with specific RUS loan and security instrument provisions, or additional matters, and accordingly, we express no opinion thereon.

No reports (other than our independent auditors' report, and our independent auditors' report on compliance and on internal control over financial reporting, all dated March 29, 2011), or summary of recommendations related to our audit have been furnished to management.

Our comments on specific aspects of the internal control over financial reporting, compliance with specific RUS loan and security instrument provisions, and other additional matters as required by 7 CFR Part 1773.33 are presented below.

Board of Directors Allband Communications Cooperative March 29, 2011

COMMENTS ON CERTAIN SPECIFIC ASPECTS OF THE INTERNAL CONTROL OVER FINANCIAL REPORTING

We noted no matters regarding Allband Communications Cooperative's internal control over financial reporting and its operation that we consider to be a material weakness as previously defined with respect to:

- the accounting procedures and records,
- the process for accumulating and recording labor, material, and overhead costs, and the distribution of these costs to construction, retirement, and maintenance, or other expense accounts,
- the materials control.

COMMENTS ON COMPLIANCE WITH SPECIFIC RUS LOAN AND SECURITY INSTRUMENT PROVISIONS

Management's responsibility for compliance with laws, regulations, contracts, and grants is set forth in our independent auditors' report on compliance and on internal control over financial reporting dated March 29, 2011, and should be read in conjunction with this report. At your request, we have performed the procedures enumerated below with respect to compliance with certain provisions of laws, regulations, contracts, and grants. The procedures we performed are summarized as follows:

- Procedures performed with respect to the requirement to maintain all funds in institutions whose accounts are insured by an agency of the federal government:
 - 1. Obtained information from financial institutions with which Allband Communications Cooperative maintains funds that indicated that the institutions are insured by an agency of the federal government.

- Procedures performed with respect to the requirement for a borrower to obtain written approval of the mortgagee to enter into any contract for the operation or maintenance of property, or for the use of mortgaged property by others, or for services pertaining to toll traffic, operator assistance, or switching for the year ended December 31, 2010, of Allband Communications Cooperative:
 - 1. Borrower did not have a schedule as they did not enter into any new written contracts during the year for the operation or maintenance of its property, or for the use of its property by others, or for services pertaining to toll traffic, operator assistance, or switching as defined in § 1773.33(e)(2)(i).
 - 2. Reviewed board of director minutes to ascertain whether any new contracts were approved during the year.
- Procedure performed with respect to the requirement to submit RUS Form 479 to the RUS:
 - 1. Agreed amounts reported in Form 479 for Allband Communications Cooperative to Allband Communications Cooperative's records.
- Procedure performed with respect to funded reserve and net plant to secured debt ratio requirements:
 - 1. This provision does not apply to this borrower.

The results of our tests indicate that, with respect to the items tested, Allband Communications Cooperative complied, except as noted below, in all material respects, with the specific RUS loan and security instrument provisions referred to below. The specific provisions tested, as well as any exceptions noted, include the requirements that:

- the borrower maintains all funds in institutions whose accounts are insured by an agency of the federal government.

- the borrower has obtained written approval of the RUS to enter into any contract for the operation or maintenance of property, or for the use of mortgaged property by others, or for services pertaining to toll traffic, operator assistance, or switching as defined in § 1773.33 (e)(2)(i); and
- the borrower has submitted its Form 479 to the RUS, and the Form 479, Financial and Statistical Report, as of December 31, 2010, represented by the borrower as having been submitted to RUS is in agreement with Allband Communications Cooperative's audited records in all material respects.

COMMENTS ON OTHER ADDITIONAL MATTERS

In connection with our audit of the financial statements of Allband Communications Cooperative, nothing came to our attention that caused us to believe that Allband Communications Cooperative failed to comply with respect to:

- the reconciliation of subsidiary plant records to the controlling general ledger plant accounts addressed at 7 CFR 1773.33 (c)(1);
- the clearing of the construction accounts and the accrual of depreciation on completed construction addressed at 7 CFR 1773.33(c)(2);
- the retirement of plant addressed at 7 CFR 1773.33(c)(3) and (4);
- sales of plant material or scrap addressed at 7 CFR 1773.33(c)(5);
- the disclosure of material related party transactions, in accordance with Statement of Financial Accounting Standards No. 57, Related Party Transactions, for the year ended December 31, 2010, in the financial statements referenced in the first paragraph of this report addressed at 7 CFR 1773.33(f).

This report is intended solely for the information and use of the board of directors, management, and the RUS, and supplemental lenders. However, this report is a matter of public record and its distribution is not limited.

005 Cash 005 No Subcodes 112000 - Checking account - Besser Credit Union 0.00 112001 - Savings account - Besser Credit Union 0.00 112002 - Savings account - Besser Credit Union 0.00 112003 - Savings - Besser Credit Union 0.00 113001 - Checking account - BoA 10.00 113002 - REA Account - BOA 10.00 113003 - General Account - BOA 73,471.78 113004 - BOA Sweep account 10,056.83 113005 - Checking - Bank of Alpena 0.00 Total no subcodes 11000 - Accounts receivable 83,538.61 12 005 Cash Total 83,538.61 12 010 Accounts receivable 3,874.31 117000 - Due From Customers 7,671.64 117700 - Due From Customers 7,671.64 117100 - Allowance for doubtful accounts 0,00 119010 - A/R - NECA (27,035.00) 1 119020 - A/R - CABS 8,566.73 1 Total no subcodes (6,922.32) 1 015 A/R - Affiliates 0.00	0.00 0.00 0.00 0.00 0.00 10.00 (991.84 130,005.81 0.00 129,023.97 129,023.97 4,238.31 11,146.26 0.00 112,198.00 113,18.36 138,900.93
112000 - Checking account - Besser Credit Union 112001 - Savings account - Besser Credit Union 0.00 112002 - Savings account - Besser Credit Union 0.00 112003 - Savings - Besser Credit Union 0.00 112003 - Savings - Besser Credit Union 0.00 113001 - Checking account - Bank of Alpena 0.00 113002 - REA Account - BOA 10.00 113003 - General Account - BOA 73,471.78 113004 - BOA Sweep account 10,056.83 113005 - Checking - Bank of Alpena 0.00 117000 - Due From Customers 7,671.64 117100 - Allowance for doubtful accounts 0.00 119010 - A/R - NECA (27,035.00) 119010 - A/R - NECA (27,035.00) 119010 - A/R - CABS 8,566.73 119020 - A/R - CABS 8,566.73 119020 - A/R - CABS (6,922.32) 119030 - Accounts receivable Total (6,922.32) 119030 - Accounts Receivable - AMM 0.00 400000000000000000000000000000	0.00 0.00 0.00 10.00 (991.84 130,005.81 0.00 129,023.97 129,023.97 4,238.31 11,146.26 0.00 112,198.00 112,198.00 113,18.36
112001 - Savings account - Besser Credit Union 112002 - Savings account - Besser Credit Union 0.00 112003 - Savings account - Besser Credit Union 0.00 112001 - Checking account - Bank of Alpena 0.00 113002 - REA Account - BOA 113002 - REA Account - BOA 113003 - General Account - BOA 73,471.78 113004 - BOA Sweep account 10,056.83 113005 - Checking - Bank of Alpena 0.00 113005 - Accounts receivable 3,874.31 113006 - Accounts Receivable 3,874.31 113000 - Accounts Receivable 3,874.31 117000 - Due From Customers 7,671.64 117100 - Allowance for doubtful accounts 0.00 119010 - A/R - NECA (27,035.00) 119010 - A/R - NECA (27,035.00) 119010 - A/R - CABS 8,566.73 119020 - A/R - CABS 8,566.73 119020 - A/R - CABS 119020 - A/R - CABS 119020 - A/R - Other 119020 - A/R - Oth	0.00 0.00 0.00 10.00 (991.84 130,005.81 0.00 129,023.97 129,023.97 4,238.31 11,146.26 0.00 112,198.00 112,198.00 113,18.36
112002 - Savings account - Besser Credit Union 112003 - Savings - Besser Credit Union 0.00 112003 - Savings - Besser Credit Union 0.00 113001 - Checking account - Bank of Alpena 0.00 113002 - REA Account - BOA 10.00 113003 - General Account - BOA 73,471.78 113004 - BOA Sweep account 10,056.83 113005 - Checking - Bank of Alpena 0.00	0.00 0.00 10.00 (991.84 130,005.81 0.00 129,023.97 129,023.97 4,238.31 11,146.26 0.00 112,198.03 11318.36
112003 - Savings - Besser Credit Union	0.00 0.00 10.00 (991.84 130,005.81 0.00 129,023.97 129,023.97 4,238.31 11,146.26 0.00 112,198.00 113,18.36
113002 - REA Account - BOA	10.00 (991.84 130,005.81 0.00 129,023.97 129,023.97 4,238.31 11,146.26 0.00 112,198.00 11,318.36
113003 - General Account - BOA 113004 - BOA Sweep account 113005 - Checking - Bank of Alpena Total no subcodes 83,538.61 113005 - Cash Total 005	(991.84 130,005.81 0.00 129,023.97 129,023.97 4,238.31 11,146.26 0.00 112,198.00 11,318.36
113004 - BOA Sweep account 10,056.83 113005 - Checking - Bank of Alpena 0.00 115005 115005 - Cash Total 83,538.61 115005 - Cash Total 83,538.61 115005 - Cash Total 83,538.61 115005 - Cash Total 117000 - Due From Customers 117000 - Due From Customers 117000 - Due From Customers 117000 - Allowance for doubtful accounts 0.00 119010 - A/R - NECA (27,035.00) 119010 - A/R - CABS 8,566.73 119020 - A/R - CABS (6,922.32) 115005 - A/R - Affiliates 119020 - A/R - Affiliates 119020 - A/R - Affiliates 0.00 119020 - A/R - Other 0.00 12000 - A/R - Other 0.00 12000 - A/R - Other Total 0.00 12000 - A/R - Other Total 0.00 12000 - A/R - Other Total 0.00 120000 - Materials & Supplies 0.25, No Subcodes 121000 - Inventory asset 0.00 122000 - Materials & Supplies 0.00 1220000 - Materials & Supplies 0.0	130,005.81 0.00 129,023.97 129,023.97 4,238.31 11,146.26 0.00 112,198.00 11,318.36
Total no subcodes 83,538.61 12	129,023.97 129,023.97 4,238.31 11,146.26 0.00 112,198.00 11,318.36 138,900.93
005 Cash Total 83,538.61 12 010 Accounts receivable 3,874.31 12 010, No Subcodes 110000 - Accounts Receivable 3,874.31 117000 - Due From Customers 7,671.64 117100 - Allowance for doubtful accounts 0,00 119010 - A/R - NECA (27,035.00) 1 1 119020 - A/R - CABS 8,566.73 8,566.73 1 <td>4,238.31 11,146.26 0.00 112,198.00 11,318.36 138,900.93</td>	4,238.31 11,146.26 0.00 112,198.00 11,318.36 138,900.93
010 Accounts receivable 010, No Subcodes 110000 - Accounts Receivable 3,874.31 117000 - Due From Customers 7,671.64 117100 - Allowance for doubtful accounts 0.00 119010 - A/R - NECA (27,035.00) 17 119020 - A/R - CABS 8,566.73 Total no subcodes (6,922.32) 13 010 Accounts receivable Total (6,922.32) 13 015 A/R - Affiliates 015, No Subcodes 0.00 4 119030 - Accounts Receivable - AMM 0.00 4 015 A/R - Affiliates Total 0.00 4 020 A/R - Other 0.00 0 021 A/R - Other Total 0.00 0 025 Materials & supplies 0.00 0 025, No Subcodes 0.00 0 0 0 021000 - Inventory asset 0.00 0 0 0 02000 - Materials & Supplies 0.00 0 0 0 0	4,238.31 11,146.26 0.00 112,198.00 11,318.36 138,900.93
010, No Subcodes 3,874.31 110000 - Accounts Receivable 3,874.31 117000 - Due From Customers 7,671.64 117100 - Allowance for doubtful accounts 0.00 119010 - A/R - NECA (27,035.00) 17 119020 - A/R - CABS 8,566.73 Total no subcodes (6,922.32) 13 010 Accounts receivable Total (6,922.32) 13 015 A/R - Affiliates 015, No Subcodes 0.00 4 119030 - Accounts Receivable - AMM 0.00 4 015 A/R - Affiliates 0.00 4 020 A/R - Other 0.00 4 020 A/R - Other 0.00 4 025 Materials & supplies 0.00 0.00 025 No Subcodes 121000 - Inventory asset 0.00 0.00 122000 - Materials & Supplies 330,097.17 28	11,146.26 0.00 112,198.00 11,318.36 138,900.93
110000 - Accounts Receivable 3,874.31 117000 - Due From Customers 7,671.64 117100 - Allowance for doubtful accounts 0.00 119010 - A/R - NECA (27,035.00) 17 119020 - A/R - CABS 8,566.73 17 119020 - A/R - CABS (6,922.32) 17 17 17 17 17 17 17 1	11,146.26 0.00 112,198.00 11,318.36 138,900.93
117100 - Allowance for doubtful accounts 119010 - A/R - NECA 119020 - A/R - CABS Total no subcodes (6,922.32) 11 010	0.00 112,198.00 11,318.36 138,900.93
119010 - A/R - NECA 119020 - A/R - CABS Total no subcodes (6,922.32) 11 010 Accounts receivable Total (6,922.32) 12 015 A/R - Affiliates 015, No Subcodes 119030 - Accounts Receivable - AMM Total no subcodes 015 A/R - Affiliates 015 A/R - Affiliates 016 A/R - Affiliates 017 018 A/R - Affiliates 019030 - Accounts Receivable - AMM Total no subcodes 019030 - Accounts Receivable - AMM 019030 - Accounts Receivable - AMM 020 A/R - Other 020 A/R - Other 020 A/R - Other Total 025 Materials & supplies 025, No Subcodes 121000 - Inventory asset 122000 - Materials & Supplies 0330,097.17 28	112,198.00 11,318.36 138,900.93
119020 - A/R - CABS Total no subcodes (6,922.32) 11 010 Accounts receivable Total (6,922.32) 12 015 A/R - Affiliates 015, No Subcodes 119030 - Accounts Receivable - AMM Total no subcodes 0.00 015 A/R - Affiliates Total 0.00 020 A/R - Other 020 A/R - Other Total 025 Materials & supplies 025, No Subcodes 121000 - Inventory asset 122000 - Materials & Supplies 0330,097.17 28	11,318.36 138,900.93
Total no subcodes (6,922.32) 17	138,900.93
010 Accounts receivable Total (6,922.32) 13 015 A/R - Affiliates 015, No Subcodes 015, No Subcodes 0.00 4 119030 - Accounts Receivable - AMM 0.00 4 4 0.00 4 015 A/R - Affiliates Total 0.00 4 0.00 4 020 A/R - Other Total 0.00 <td< td=""><td></td></td<>	
015 A/R - Affiliates 015, No Subcodes 119030 - Accounts Receivable - AMM 119030 - Accounts Receivable - AMM 0.00 015 A/R - Affiliates Total 020 A/R - Other 020 A/R - Other Total 025 Materials & supplies 025, No Subcodes 121000 - Inventory asset 0.00 122000 - Materials & Supplies 330,097.17	138,900.93
015, No Subcodes 119030 - Accounts Receivable - AMM 0.00 4 Total no subcodes 0.00 4 015 A/R - Affiliates Total 0.00 4 020 A/R - Other 0.00 4 020 A/R - Other Total 0.00 0.00 025 Materials & supplies 0.00 0.00 121000 - Inventory asset 0.00 0.00 122000 - Materials & Supplies 330,097.17 28	
119030 - Accounts Receivable - AMM 0.00 4 Total no subcodes 0.00 4 015 A/R - Affiliates Total 0.00 4 020 A/R - Other 020 A/R - Other Total 0.00 0 025 Materials & supplies 025, No Subcodes 121000 - Inventory asset 0.00 122000 - Materials & Supplies 330,097.17 28	
015 A/R - Affiliates Total 0.00 4 020 A/R - Other 0.00 0.00 025 Materials & supplies 0.00 0.00 025, No Subcodes 121000 - Inventory asset 0.00 0.00 122000 - Materials & Supplies 330,097.17 28	46,899.14
020 A/R - Other 020 A/R - Other Total 025 Materials & supplies 025, No Subcodes 0.00 121000 - Inventory asset 0.00 122000 - Materials & Supplies 330,097.17 28	46,899.14
020 A/R - Other Total 0.00 025 Materials & supplies 025, No Subcodes 0.00 121000 - Inventory asset 0.00 122000 - Materials & Supplies 330,097.17 28	46,899.14
025 Materials & supplies 025, No Subcodes 0.00 121000 - Inventory asset 0.00 122000 - Materials & Supplies 330,097.17 28	
025, No Subcodes 121000 - Inventory asset 0.00 122000 - Materials & Supplies 330,097.17 28	0.00
121000 - Inventory asset 0.00 122000 - Materials & Supplies 330,097.17 28	
122000 - Materials & Supplies 330,097.17 28	0.00
Total no subcodes 330,097.17 28	288,548.24
	288,548.24
025 Materials & supplies Total 330,097.17 28	288,548.24
030 Prepaid expenses	
030, No Subcodes	
131000 - Prepaid Insurance 7,261.80 133000 - Prepaid other 0.00	4,814.50
133000 - Prepaid other 0.00 133001 - Loan Fees - Current Portion 2,750.00	0.00 2,750.00
	41,937.46
141001 - Loans fees - Current Portion (2,750.00)	(2,750.00)
Total no subcodes 51,949.30	46,751.96
030 Prepaid expenses Total 51,949.30	46,751.96
035 Investment	
035, No Subcodes 140210 - Investment - Allband Multimedia 0.00 (1	
	(1 7 366 46)
· ·	(17,366,46)
035 Investment Total 0.00 (1	(17,366,46) (17,366,46) (17,366,46)

		Adjusted Balance	Adjusted Balance	
040	Plant under construction	Dec 31, 2009	Dec 31, 2010	
	040, No Subcodes			
	200300 - Telecomm Plant Under Const	559,261.16	56,904.95	
	200301 - Construction In Progress - AARA	0.00	180,063.72	
	Total no subcodes	559,261.16	236,968.67	
040	Plant under construction Total	559,261.16	236,968.67	
045	Plant in service			
	045, No Subcodes 211100 - Land	9,886.63	9,886.63	
	211200 - Motor Vehicles	36,673.72	36,673.72	
	211400 - Other Work Equipment	43,598.62	47,854.42	
	212100 - Buildings	269,698.54	269,698,54	
	212200 - Furniture	0.00	0.00	
	212300 - Office Equipment	10,401.28	19,699.69	
	212400 - General Purpose Computers	2,209.55	4,087.04	
	221200 - Digital Electronic Switching	467,712.10	473,317.26	
	223200 - Circuit Equipment	357,202.18	357,202.18	
	223210 - Internet Equipment	57,837.21	57,837.21	
	241100 - Poles	0.00	0.00	
	242100 - Aerial cable	0.00	0,00	
	242110 - Aerial drops	0.00	0.00	
	242200 - Fiber Optic Cable 242300 - Buried cable	4,508,255.63 0.00	5,299,072.61 0.00	
	242310 - Buried Drops	77,319.97	81,924.17	
	244100 - Conduit systems	0,00	0.00	
	Total no subcodes	5,840,795.43	6,657,253.47	
045	Plant in service Total	5,840,795.43	6,657,253.47	
055	Depreciation reserve			
	055, No Subcodes			
	311200 - A/D - Motor Vehicles	(16,749.81)	(20,417.18)	
	311400 - A/D - Other Work Equipment	(8,000.38)	(12,573.04)	
	312100 - A/D - Building	(20,257.50)	(33,742.43)	
	312200 - Accum. depr furniture	0.00	0.00	
	312300 - A/D - Office Equipment 312400 - A/D - General Purpose Computers	(1,754.38)	(3,182.54)	
	321200 - A/D - Digital Electronic Switch	(662,40) (123,774,27)	(1,198.18) (170,826.74)	
	323200 - A/d - Circuit Equipment	(57,554.56)	(93,274.78)	
	323210 - A/D - Internet Equipment	(14,305.90)	(20,089.63)	
	341100 - Accum. depr poles	0.00	0.00	
	342100 - Accum, depr aerial cable	0.00	0.00	
	342110 - Accum. depr aerial drops	0.00	0.00	
	342200 - A/D - Fiber Optic Cable	(403,879.64)	(622,403,41)	
	342300 - Accum. depr buried cable	0.00	0.00	
	342310 - Accumulated Depreciation - Drop 344100 - Accum. depr conduit systems	(3,573,14)	(7,160.21) 0.00	
	Total no subcodes	(650,511.98)	(984,868.14)	
055	Depreciation reserve Total	(650,511.98)	(984,868.14)	
100	Accounts payable			
	100, No Subcodes			
	400000 - Accounts Payable - Trade	(813,991.97)	(327,893.02)	
	400001 - Additional payables	(73,979.63)	(94,742.43)	
	400002 - Bank of Alpena	0.00	(1,297.16)	
	401000 - Accounts payable - retainage	0.00	0.00	
	401100 - AP - NECA	0.00	(174,000.00)	
	Total no subcodes	(887,971.60)	(597,932.61)	
405				
100	Accounts payable Total	(887,971.60)	(597,932.61)	

7			
		Adjusted Balance Dec 31, 2009	Adjusted Balance Dec 31, 2010
101	AP- Affiliate 101, No Subcodes		
	400005 - Accounts Payable - AMM	0.00	(27,083.74)
	Total no subcodes	0.00	(27,083.74)
101	AP- Affiliate Total	0,00	(27,083.74)
110	Customer deposits		
	110, No Subcodes 404000 - Customer deposits	0.00	0.00
	Total no subcodes	0.00	0.00
110	Customer deposits Total	0,00	0.00
115	N/P Current portion		
	115, No Subcodes 405010 - Notes Payable - RUS - Current	(240,000.00)	(286,760.00)
	•		
	Total no subcodes	(240,000.00)	(286,760.00)
115	N/P Current portion Total	(240,000.00)	(286,760.00)
120	Accrued taxes and expense		
	120, No Subcodes 24000 - Payroll Liabilities	0.00	0.00
	401010 - Accounts payable - federal w/h	0.00	0.00
	401020 - State Withholdong Payable	(376.09)	(709.31)
	401022 - State Use Tax Payable	(280.58)	(294.07)
~	401030 - Accounts payable - FICA	0.00	0.00
	401040 - Accounts payable - state use tax	0.00	00.00
	401050 - Federal Excise Tax Payable	(247.38)	(320.86)
	401090 - 911 Taxes Payable	(1,196.71)	(2,501.83)
	408010 - Accrued employer FICA	0.00	0.00
	408020 - Accrued MESC Taxes	(211.47)	(66.67)
	408030 - Accrued FUTA Taxes	(18.91)	(336.00)
	408040 - Accrued MI Withholding	0.00	0.00
	408050 - Property Tax 413000 - Rent payable	0.00 0.00	0.00
	413010 - Accrued Wages	(1,384.62)	(1,384.62)
	413040 - Deferred revenue	0.00	0.00
	430001 - Manager Payable - Paul Hartman	(60,211.92)	(60,211.92)
	430002 - Manager payable - Ronald Siegel	0,00	0.00
	Total no subcodes	(63,927.68)	(65,825.28)
120	Accrued taxes and expense Total	(63,927.68)	(65,825.28)
125	Notes Payable		
	125, No Subcodes 405000 - Notes payable - RFTC - current portion	0.00	0.00
	421000 - Notes payable - RFTC - long-term	0.00	0.00
	421001 - Notes payable - RFTC - tong-term 421001 - Notes payable - RFTC - current contra	0.00	0.00
	421010 - Notes Payable-RUS Long Term	(6,142,744.44)	(6,686,567.30)
	421011 - Notes Payable-RUS-CurrentContra	240,000.00	286,760.00
	430003 - Officer Payable - John Reigle	(102,529.59)	(80,713.96)
	Total no subcodes	(6,005,274.03)	(6,480,521.26)
125	Notes Payable Total	(6,005,274.03)	(6,480,521.26)
130	Deferred Income Tax		
-30	Deferred Income Tax Total	0.00	0.00
	Mambana		
150	Members		
	150, No Subcodes 451000 - Memberships	(2,520.00)	(2,980.00)
	40 tooo - memoetampa	(2,320,00)	

		Adjusted Balance	Adjusted Balance
		Dec 31, 2009	Dec 31, 2010
	Total no subcodes	(2,520.00)	(2,980.00)
150	Members Total	(2,520.00)	(2,980.00)
155	Patronage capital 155, No Subcodes		
	4550(0) - Retained Earnings	624,556.89	991,485,94
	Total no subcodes	624,556.89	991,485.94
155	Patronage capital Total	624,556.89	991,485.94
200	Local service revenue 200, No Subcodes		
	500100 - Local Service Revenue	(20,279.96)	(27,109.49)
	506000 - Other local service revenue	0.00	0.00
	506010 - E911 - billed	0.00	0.00
	506020 - E911 - reported	0.00	0.00
	506030 - E911 - settlements	0.00	0.00
	506040 - Other	(8,477.19)	(9,503.74)
	Total no subcodes	(28,757.15)	(36,613.23)
200	Local service revenue Total	(28,757.15)	(36,613.23)
205	Access service revenue		
	205, No Subcodes 506900 - High Cost Loop Support	(502,983.00)	(605 042 00s
	508100 - End user Common Line Revenue	, ,	(605,963.00)
	508110 - End user rev - interstate - billed	(7,747.74)	(5,477.34)
7		0.00	0.00
	508120 - End user rev - interstate - reported 508130 - End user rev - interstate - settlements	0.00	0.00
		0.00	0.00
	508210 - Switched access rev - interstate - billed	0,00	0.00
	508220 - Switched access rev - interstate - reported	0.00	0.00
	508230 - Switched Access Rev-TS Intersta	(218,568.01)	(357,944.55)
	508240 - Switched Acc Rev-CCL Interstate	(194,486.00)	(398,622.00)
	508250 - NECA Trueup	0.00	68,594.00
	508310 - Special access rev - interstate - billed	0.00	0.00
	508320 - Special access rev - interstate - reported	0,00	0.00
	508400 - Interstate USF settlements	0.00	0.00
	508430 - Switch Acc Rev - CCL Interstate	(36,583,26)	(32,051.96)
	508440 - Network Access - AMM	0.00	(28,324.38)
	509100 - Intrastate prior period adjustments	0.00	0.00
	509110 - End user rev - intrastate - billed	0,00	0.00
	509120 - End user rev - intrastate - reported	0.00	0.00
	509210 - Switched access rev - intrastate - billed	0.00	0.00
	509220 - Switched access rev - intrastate - reported	0.00	0.00
	509310 - Special access rev - intrastate - billed	0.00	0.00
	509320 - Special access rev - intrastate - reported	0.00	0.00
	510020 - Toll revenue - reported	0.00	0.00
	Total no subcodes	(960,368.01)	(1,359,789.23)
205	Access service revenue Total	(960,368.01)	(1,359,789.23)
210	Miscellaneous revenue 210, No Subcodes		
	520000 - Miscellaneous revenues	0.00	0.00
	523000 - Directory revenues	0,00	0.00
	526020 - Other	00.00	0.00
	526100 - Other Income	(258.05)	(1,791.50)
	527010 - Billing and collection - interstate	0.00	0.00
	528020 - Billing and collection - intrastate	0.00	0.00
	528200 - Sale of non-regulated equipment	0.00	0.00
	528310 - Internet Revenue	(21,511.73)	0.00
	528350 - Internet adjustments	0.00	0.00
	582100 - Internet revenue	0.00	0.00
	poprod - internet revenue		0.00

MA.			
		Adjusted Balance Dec 31, 2009	Adjusted Balance Dec 31, 2010
	Total no subcodes	(21,769.78)	(1,791.50)
210	Miscellaneous revenue Total	(21,769.78)	(1,791.50)
212	Long Distance Income 212, No Subcodes		
		(12 ()00 (5)	(10.442.20)
	510010 - Toll Revenue - Billed	(12,088.65)	(19,443.38)
	510030 - Other Revenue	(2,941.14)	(3,464.26)
	Total no subcodes	(15,029.79)	(22,907.64)
212	Long Distance Income Total	(15,029.79)	(22,907.64)
215	Uncollectable revenue		
	215, No Subcodes		
	530000 - Uncollectible revenue	0.00	0.00
	Total no subcodes	00,0	0.00
	W	A	_
215	Uncollectable revenue Total	0.00	0.00
300	Plant expense		
	300, No Subcodes		
	66000 - Payroll	0.00	0.00
	611200 - Motor vehicle expense	0.00	0.00
	611400 - Other work equipment expense	0.00	0.00
	612100 - Land and Building Expense	26,510.83	11,357.39
	612120 - Building Rent	31,650.00	44,586.00
	612200 - Furniture expense	0.00	0.00
	612300 - Office Equipment Expense	1,680.99	772.16
	612400 - General Purpose Computer Exp	5,103.01	273.61
1	621200 - Digital Electronic Switching Ex	30,796.31	11,246.10
	623200 - Circuit equipment expense		,
100		10,355.01	0.00
	623210 - Circuit Equipment Lease	52,197.08	39,701.03
	623220 - Access Charge	6,518.64	0.00
	636201 - Network Monitoring	11,649.97	9,834.86
	636211 - Toll Resale	22,766.35	24,307.27
	641100 - Poles expense	0.00	0.00
	642100 - Aerial cable expense	0.00	0.00
	642110 - Aerial drops expense	0.00	0,00
	642200 - Fiber optic cable expense	0.00	0,00
	642300 - Buried cable expense	0.00	0,00
	642310 - Buried drop expense	0.00	0.00
	644100 - Conduit systems expense	0.00	0.00
	799162 - Voice Mail Expense	4,800.00	4,800.00
	Total no subcodes	204,028.19	146,878.42
300	Plant expense Total	204,028.19	146,878.42
	·		
305	Plant nonspecific		
	305, No Subcodes		
	651200 - Provisioning expense	0,00	0.00
	653100 - Power Expense	5,486.43	10,540.94
	653200 - Network Administration Expense	8,227.70	22,861.51
	653300 - Testing expense	0,00	00,0
	653400 - Plant Oper, Admin Expense	11,065.24	30,597.88
	653500 - Engineering Expense	13,633.86	8,205.62
	654000 - Access Expense	0.00	140.60
	Total no subcodes	38,413.23	72,346.55
305	Plant nonspecific Total	38,413.23	72,346.55
0	Depreciation		
	310, No Subcodes	7434 AAAA AA	441000
	656100 - Depreciation Expense	281,909.43	334,356.16
	656500 - Amortization Expense	2,750.00	2,750.04

Total no subcodes)		Adjusted Balance Dec 31, 2009	Adjusted Balance Dec 31, 2010
15		Total no subcodes	284,659.43	337,106.20
15, No Subcodes 657001 Benefits clearing FICA 0.00 0.00 0.00 657002 Benefits clearing FICA 0.00 0.00 0.00 657002 Benefits clearing FICA 0.00 0.00 0.00 657003 Benefits clearing FUTA 0.00 0.00 657004 Benefits clearing FUTA 0.00 0.00 657004 Benefits clearing Pension 0.00 0.00 657006 Benefits clearing Pension 0.00 0.00 653004 Benefits clearing Pension 0.00 0.00 66300 Advertising Expense 15,998.07 776.64 662100 Call completion service expense 0.00 0.00 662200 Number Service Expense 380.80 401.82 662200 Number Service Expense 380.80 401.82 662200 Customer Service Expense 36,032.69 7,251.20 7,251	310	Depreciation Total	284,659.43	337,106.20
S7901 Penefits cleared 0.00 0.00 657020 Benefits clearing - FICA 0.00 0.00 0.00 657020 Benefits clearing - FUTA 0.00 0.00 0.00 657020 Benefits clearing - FUTA 0.00 0.00 0.00 657030 Benefits clearing - Peath 0.00 0.00 0.00 657060 Benefits clearing - Pension 0.00 0.00 0.00 657060 Benefits clearing - Pension 0.00 0.00 657060 Benefits clearing - work. comp. 0.00 0.00 661300 Advertising Expense 15.998.07 776.64 662100 Call completion service expense 0.00 0.00 662200 Number Service Expense 381.80 401.82 662300 Customer Service Expense 19.653.82 6.072.74 Total no subcodes 36,032.69 7.251.20 315 Customer operations 330, No Subcodes 330, No Subcodes 71.00 Executive Expense 71.901.97 67,347.82 672000 General and Admin Expense 71.901.97 67,347.82 672200 Cacousting & Finance Expense 92,175.00 41,775.00 672200 Cacousting & Finance Expense 92,175.00 41,775.00 672200 Capital service 48,626.04 45,174.95 672210 Capital service 17,775.35 14,875.75 701000 Payroll clearing 0.00 0	315	•		
657010 Benefits clearing - FICA 0.00 0.00 657020 Benefits clearing - MESC 0.00 0.00 0.00 657030 Benefits clearing - MESC 0.00 0.00 0.00 657040 Benefits clearing - Persion 0.00 0.00 657060 Benefits clearing - Persion 0.00 0.00 657060 Benefits clearing - Persion 0.00 0.00 661300 Advertising Expense 15.998.07 776.64 662200 Number Service Expense 0.00 0.00 662200 Number Service Expense 380.80 401.82 662300 Customer Service Expense 380.80 401.82 662300 Customer Service Expense 36.032.69 7.251.20 7.25		·	4.00	0.00
According				
657040 - Benefits clearing - FUTA				
657040 Benefits clearing - health 0.00 0.00 657050 Benefits clearing - pension 0.00 0.00 657050 Benefits clearing - work. comp. 0.00 0.00 661300 Advertising Expense 15.998.07 776.64 662100 Call completion service expense 0.00 0.00 662200 Number Service Expense 380.80 401.82 662300 Customer Service Expense 19.653.82 6.772.74		-	· · · · · · · · · · · · · · · · · · ·	
657060 - Benefits clearing - work. comp. 661300 - Advertising Expense 15,998.07 77.6.48				
661300 - Advertising Expense 15,998.07 776.64 662100 - Call completion service expense 0.00 0.00 662200 - Number Service Expense 380.80 401.82 662300 - Customer Service Expense 19,653.82 6,072.74 Total no subcodes 36,032.69 7,251.20 315		657050 - Benefits clearing - pension	0.00	0.00
662100 - Cult completion service expense 0.00 0.00 662200 - Number Service Expense 380.80 401.82 662300 - Customer Service Expense 19,653.82 6,072.74 Total no subcodes 36,032.69 7,251.20 315 Customer operations Total 36,032.69 7,251.20 320 Corporate operations 320, No Subcodes 320, No Subcodes 671100 - Executive Expense 71,901.97 67,347.82 672200 - Ceneral and Admin Expense 121,785.84 146,349.86 672100 - Accounting & Finance Expense 77,633.03 62,942.89 672200 - Cost Study Expense 92,175.00 41,775.00 672200 - Cost Study Expense 48,626.04 45,174.95 672810 - Insurance Expense 17,775.35 14,875.75 701000 - Payroll clearing 0.00 0.00 Total no subcodes 429,897.23 378,466.27 320 Corporate operations Total 429,897.23 378,466.27 330 Operating taxes 330, No Subcodes 724030 - Operating taxes 350, No Subcodes 724030 - Operating taxes 350, No Subcodes 724030 - Operating taxes 360, 271 100, 00 Total no subcodes 80,049.85 70,248.56 355 Federal income taxes 70,000 70,000 Total in completa 80,049.85 70,248.56 356 Operating taxes Total 80,049.85 70,248.56 357 Federal income taxes 70,000 70,000 Total Interest income (198.05) (47.79) Total Interest income (198.05) (47.79) Total Interest income 0.00 0.00 360, 272 Dividend income 0.00 0.00 730000 - Dividend income 0.00 0.00 730000 - Non-operating & 0.00 0.00 730000 - Non-operating income and expense 0.00 0.00 730000 - Non-oper		657060 - Benefits clearing - work, comp.	0.00	0.00
662200 - Number Service Expense 380.80 401.82		661300 - Advertising Expense	15,998.07	776.64
Total no subcodes 19,653.82 6,072.74		•	0.00	0.00
Total no subcodes 36,032.69 7,251.20		·	380.80	401.82
315 Customer operations Total 36,032.69 7,251.20		662300 - Customer Service Expense	19,653.82	6,072.74
320 Corporate operations 320, No Subcodes 671100 - Executive Expense 71,901.97 67,347.82 672200 - General and Admin Expense 121,785.84 146,349.86 672100 - Accounting & Finance Expense 77,633.03 62,942.89 672200 - Cost Study Expense 92,175.00 41,775.00 672500 - Legal Expense 48,626.04 45,174.95 672810 - Insurance Expense 17,775.35 14,875.75 701000 - Payroll clearing 0.00 0.00 0.00 Total no subcodes 429,897.23 378,466.27 330, No Subcodes 724030 - Operating taxes 350, No Subcodes 724030 - Operating Taxes - Ad Valorum 77,133.33 70,248.56 724040 - Operating taxes - other 2,916.52 0.00 700		Total no subcodes	36,032.69	7,251.20
320, No Subcodes 671100 - Executive Expense 671000 - General and Admin Expense 672000 - General and Admin Expense 672000 - Cost Study Expense 672200 - Legal Expense 672200 - Legal Expense 672200 - Legal Expense 672200 - Legal Expense 672810 - Insurance Expense 17,775.35 14,875.75 701000 - Payroll clearing 0.00 0.00 Total no subcodes 429,897.23 378,466.27 320 Corporate operations Total 429,897.23 378,466.27 350 Operating taxes 350, No Subcodes 724030 - Operating Taxes - Ad Valorum 77,133.33 70,248.56 724040 - Operating taxes - other 2,916.52 0.00 Total no subcodes 80,049.85 70,248.56 355 Federal income taxes 555 Federal income taxes 7640, 271 Interest income 731000 - Interest income 732000 - Dividend income 999 - Undistributed 0.00 0.00 360, 273 Other income 999 - Undistributed 0.00 0.00 730000 - Non-operating income and expense 999 - Undistributed 0.00 0.00 730000 - Non-operating income and expense 0.00 0.00 730000 - Non-operating income and expense 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.	315	Customer operations Total	36,032.69	7,251.20
671100 - Executive Expense 672000 - Ceneral and Admin Expense 672000 - Ceneral and Admin Expense 672100 - Accounting & Finance Expense 672100 - Cost Study Expense 672200 - Cost Study Expense 672500 - Legal Expense 672810 - Insurance Expense 672810 - Insurance Expense 672810 - Insurance Expense 672810 - Insurance Expense 701000 - Payroll clearing 0.00 0.00 Total no subcodes 724030 - Operating taxes 350, No Subcodes 724040 - Operating Taxes - Ad Valorum 724040 - Operating taxes - other 724050 - Operating taxes - other 725050 - Operating taxes - other 72606 - Operating & Operating taxes - other 727000 - Interest income 72806 - Operating & Operat	320	Corporate operations	_	
672000 - General and Admin Expense 672100 - Accounting & Finance Expense 672100 - Cost Study Expense 672200 - Cost Study Expense 672200 - Legal Expense 672200 - Legal Expense 672200 - Legal Expense 672810 - Insurance Expense 77,633.03 62,942,89 672810 - Insurance Expense 17,775.35 701000 - Payroll clearing 0.00 0.00 Total no subcodes 70,000 Total no subcodes 350, No Subcodes 724030 - Operating taxes 350, No Subcodes 724040 - Operating Taxes - Ad Valorum 724040 - Operating taxes - other		320, No Subcodes		
672100 - Accounting & Finance Expense 77,633.03 62,942.89 672200 - Cost Study Expense 92,175.00 41,775.00 672500 - Legal Expense 48,626.04 45,174.95 672810 - Insurance Expense 17,775.35 14,875.75 701000 - Payroll clearing 0.00 0.00 Total no subcodes 429,897.23 378,466.27 320 Corporate operations Total 429,897.23 378,466.27 3350, No Subcodes 724030 - Operating taxes 350, No Subcodes 72,916.52 0.00 Total no subcodes 80,049.85 70,248.56 350 Operating taxes - other 2,916.52 0.00 Total no subcodes 80,049.85 70,248.56 355 Federal income taxes 570,248.56 Total no subcodes 80,049.85 70,248.56 355 Federal income taxes 600,049.85 70,248.56 356 Pederal income taxes Total 0.00 0.00 360, 271 Interest income (198.05) (47.79)			71,901.97	,
672200 - Cost Study Expense 92,175.00 41,775.00 672500 - Legal Expense 48,626.04 45,174.95 672810 - Insurance Expense 17,775.35 14,875.75 701000 - Payroll clearing 0.00 0.00 Total no subcodes 320 Corporate operations Total 429,897.23 378,466.27 350 Operating taxes 350, No Subcodes 724030 - Operating Taxes - Ad Valorum 77,133.33 70,248.56 724040 - Operating taxes - other 2,916.52 0.00 Total no subcodes 80,049.85 70,248.56 350 Operating taxes Total 80,049.85 70,248.56 350 Operating taxes Total 0.00 0.00 355 Federal income taxes 355 Federal income taxes Total 0.00 0.00 360 Nonoperating & nonreg 360, 271 Interest income (198.05) (47,79) Total Interest income (198.05) (47,79) (47,79) 360, 272 Dividend income 0.00 0.00 732000 - Dividend income		•	121,785.84	146,349.86
672500 - Legal Expense 48,626.04 45,174.95 672810 - Insurance Expense 17,775.35 14,875.75 701000 - Payroll clearing 0.00 0.00 Total no subcodes 429,897.23 378,466.27 320 Corporate operations Total 429,897.23 378,466.27 350 Operating taxes 350, No Subcodes 724030 - Operating Taxes - Ad Valorum 77,133.33 70,248.56 724040 - Operating taxes - other 2,916.52 0.00 Total no subcodes 80,049.85 70,248.56 350 Operating taxes Total 80,049.85 70,248.56 350 Operating taxes Total 80,049.85 70,248.56 355 Federal income taxes 5 Federal income taxes 7 Federal income taxes Total 0.00 0.00 360 Nonoperating & nonreg 360, 271 Interest income (198.05) (47.79) Total Interest income (198.05) (47.79) Total Interest income (198.05) (47.79) Total Dividend income 0.00 0.00 360, 272 Dividend income 0.00 0.00 Total Dividend income 0.00 0.00 Total Dividend income 0.00 0.00 360, 273 Other income 999 - Undistributed 0.00 0.00 730000 - Non-operating income and expense 0.00 (514.95) 799102 - Misc Service Revenue 0.00 (514.95) 799103 - Well Transport 0.00 (3,133.77)			,	,
672810 - Insurance Expense 17,775.35 14,875.75 701000 - Payroll clearing 0.00 0.00 Total no subcodes 429,897.23 378,466.27 320 Corporate operations Total 429,897.23 378,466.27 350 Operating taxes 350, No Subcodes 724030 - Operating Taxes - Ad Valorum 77,133.33 70,248.56 724040 - Operating taxes - other 2,916.52 0.00 0.00 Total no subcodes 80,049.85 70,248.56 350 Operating taxes Total 80,049.85 70,248.56 355 Federal income taxes 70,248.56 355 Federal income taxes 0.00 0.00 360, 271 Interest income (198.05) (47.79) Total Interest income (198.05) (47.79) 360, 272 Dividend income 0.00 0.00 732000 - Dividend income 0.00 0.00 730000 - Payroll Expense 0.00 0.00 999 - Undistributed 0.00 0.00 6000 - Payroll Expense 0.00				,
Total no subcodes		<u> </u>	,	,
320 Corporate operations Total 429,897.23 378,466.27		• • • • • • • • • • • • • • • • • • •		•
320 Corporate operations Total 429,897.23 378,466.27		Total no subcodes	429 897 23	378 466 27
350 Operating taxes 350, No Subcodes 724030 - Operating Taxes - Ad Valorum 77,133.33 70,248.56 724040 - Operating taxes - other 2,916.52 0,00 Total no subcodes 80,049.85 70,248.56 350 Operating taxes Total 80,049.85 70,248.56 355 Federal income taxes 355 Federal income taxes 360 Nonoperating & nonreg 360, 271 Interest income (198.05) (47.79) Total Interest income (198.05) (47.79) 360, 272 Dividend income 732000 - Dividend income	200		·	·
350, No Subcodes 724030 - Operating Taxes - Ad Valorum 77,133.33 70,248.56 724040 - Operating taxes - other 2,916.52 0,00 Total no subcodes 80,049.85 70,248.56 350 Operating taxes Total 80,049.85 70,248.56 355 Federal income taxes 70,248.56 360 Nonoperating & nonreg 360,271 1nterest income (198.05) (47.79) Total Interest income (198.05) (47.79) Total Interest income (198.05) (47.79) Total Dividend income 732000 - Dividend income 0.00 0.00 Total Dividend income 0.00 0.00 Total Dividend income 0.00 0.00 Total Dividend income 999 - Undistributed 0.00 0.00 6000 - Payroll Expense 0.00 0.00 799101 - Fees 0.00 (1,140.24) 799102 - Misc Service Revenue 0.00 (514.95) 799103 - Well Transport 0.00 (3,133.77)	320	Corporate operations 1 otal	429,897.23	378,400.27
724030 - Operating Taxes - Ad Valorum 77,133.33 70,248.56 724040 - Operating taxes - other 2,916.52 0,00 Total no subcodes 80,049.85 70,248.56 350 Operating taxes Total 80,049.85 70,248.56 355 Federal income taxes 5 Federal income taxes 0.00 0.00 360 Nonoperating & nonreg 360, 271 Interest income (198.05) (47.79) Total Interest income (198.05) (47.79) Total Interest income 732000 - Dividend income 0.00 0.00 732000 - Dividend income 0.00 0.00 Total Dividend income 0.00 0.00 Total Dividend income 0.00 0.00 Total Dividend income 0.00 0.00 360, 273 Other income 0.00 0.00 999 - Undistributed 0.00 0.00 6000 - Payroll Expense 0.00 0.00 799101 - Fees 0.00 0.00 799102 - Misc Servic	350			
Total no subcodes S0,049.85 70,248.56			77,133,33	70.248.56
350 Operating taxes Total 80,049.85 70,248.56 355				0,00
355 Federal income taxes 355 Federal income taxes Total 0.00 0.00		Total no subcodes	80,049.85	70,248.56
355 Federal income taxes Total 0.00 0.00	350	Operating taxes Total	80,049.85	70,248.56
355 Federal income taxes Total 0.00 0.00	155	Endard income tayes		
360, 271 Interest income (198.05) (47.79) Total Interest income (198.05) (47.79) 360, 272 Dividend income 0.00 0.00 0.00 Total Dividend income 0.00 0.00 360, 273 Other income 999 - Undistributed 0.00 0.00 6000 - Payroll Expense 0.00 0.00 730000 - Non-operating income and expense 0.00 (1,140.24) 799101 - Fees 0.00 (514.95) 799103 - Well Transport 0.00 (3,133.77)			0.00	0.00
731000 - Interest Income (198.05) (47.79) Total Interest income (198.05) (47.79) 360, 272 Dividend income 0.00 0.00 Total Dividend income 0.00 0.00 360, 273 Other income 0.00 0.00 999 - Undistributed 0.00 0.00 6000 - Payroll Expense 0.00 0.00 730000 - Non-operating income and expense 0.00 0.00 799101 - Fees 0.00 (1,140.24) 799102 - Misc Service Revenue 0.00 (514.95) 799103 - Well Transport 0.00 (3,133.77)	360	Nonoperating & nonreg		
Total Interest income (198.05) (47.79) 360, 272 Dividend income 0.00 0.00 732000 - Dividend income 0.00 0.00 Total Dividend income 0.00 0.00 360, 273 Other income 0.00 0.00 999 - Undistributed 0.00 0.00 6000 - Payroll Expense 0.00 0.00 730000 - Non-operating income and expense 0.00 0.00 799101 - Fees 0.00 (1,140.24) 799102 - Misc Service Revenue 0.00 (514.95) 799103 - Well Transport 0.00 (3,133.77)				
360, 272 Dividend income 732000 - Dividend income 0.00 0.00 Total Dividend income 0.00 0.00 360, 273 Other income 999 - Undistributed 0.00 0.00 6000 - Payroll Expense 0.00 0.00 730000 - Non-operating income and expense 0.00 0.00 799101 - Fees 0.00 (1,140.24) 799102 - Misc Service Revenue 0.00 (514.95) 799103 - Well Transport 0.00 (3,133.77)		731000 - Interest Income	(198.05)	(47.79)
Total Dividend income 0.00 0.00 360, 273 Other income 0.00 0.00 999 - Undistributed 0.00 0.00 6000 - Payroll Expense 0.00 0.00 730000 - Non-operating income and expense 0.00 0.00 799101 - Fees 0.00 (1.140.24) 799102 - Misc Service Revenue 0.00 (514.95) 799103 - Well Transport 0.00 (3,133.77)		Total Interest income	(198.05)	(47.79)
Total Dividend income 0.00 0.00 360, 273 Other income 999 - Undistributed 0.00 0.00 6000 - Payroll Expense 0.00 0.00 730000 - Non-operating income and expense 0.00 0.00 799101 - Fees 0.00 (1,140.24) 799102 - Misc Service Revenue 0.00 (514.95) 799103 - Well Transport 0.00 (3,133.77)		360, 272 Dividend income		
360, 273 Other income 999 - Undistributed 0.00 0.00 6000 - Payroll Expense 0.00 0.00 730000 - Non-operating income and expense 0.00 0.00 799101 - Fees 0.00 (1,140.24) 799102 - Misc Service Revenue 0.00 (514.95) 799103 - Well Transport 0.00 (3,133.77)		732000 - Dividend income	0.00	0.00
999 - Undistributed 0.00 0.00 6000 - Payroll Expense 0.00 0.00 730000 - Non-operating income and expense 0.00 0.00 799101 - Fees 0.00 (1,140.24) 799102 - Misc Service Revenue 0.00 (514.95) 799103 - Well Transport 0.00 (3,133.77)		Total Dividend income	0.00	0.00
999 - Undistributed 0.00 0.00 6000 - Payroll Expense 0.00 0.00 730000 - Non-operating income and expense 0.00 0.00 799101 - Fees 0.00 (1,140.24) 799102 - Misc Service Revenue 0.00 (514.95) 799103 - Well Transport 0.00 (3,133.77)		360, 273 Other income		
730000 - Non-operating income and expense 0.00 0.00 799101 - Fees 0.00 (1,140.24) 799102 - Misc Service Revenue 0.00 (514.95) 799103 - Well Transport 0.00 (3,133.77)		•	0.00	0.00
799101 - Fees 0.00 (1,140.24) 799102 - Misc Service Revenue 0.00 (514.95) 799103 - Well Transport 0.00 (3,133.77)		6000 - Payroll Expense	0.00	0.00
799102 - Misc Service Revenue 0.00 (514.95) 799103 - Well Transport 0.00 (3,133.77)			0.00	
799103 - Well Transport 0.00 (3,133.77)				
·	Sand Sand			
95000 - Suspense account 0.00 0.00		•		* '
		950000 - Suspense account	0.00	

	_	Adjusted Balance Dec 31, 2009	Adjusted Balance Dec 31, 2010
	Total Other income	0.00	(4,788.96)
	360, 274 Other charges		
	737000 - Special charges	57,124,24	0.00
	791102 - Customer Premise Work (non-reg)	834.56	1,360.73
	Total Other charges	57,958.80	1,360.73
	360, 275 Income taxes		
	Total Income taxes	0.00	0.00
360	Nonoperating & nonreg Total	57,760.75	(3,476.02)
370	Interest expense 370, No Subcodes		
	734000 - Allowance for Funds Used During Construct	ion (16,030,00)	(14,250.00)
	751000 - Interest Expense	8,632.87	15,028.62
	751010 - Interest Expense - RUS	269,409.54	321,640.51
	Total no subcodes	262,012.41	322,419.13
370	Interest expense Total	262,012.41	322,419.13
371	Affiliate Income 371. No Subcodes		
	736510 - Equity Income (Loss) - Allband Multimedia	0.00	17,366.46
	Total no subcodes	0.00	17,366,46
371	Affiliate Income Total	0,00	17,366.46
J	Financials Total	0.00	0.00
	Profit/(Loss)	(366,929.05)	72,494.83
	-		

Allband Communications Cooperative Grouping Schedule Report Unassigned Accounts for Financials

20510 Page 8

Account Number	Description	Adjusted Balance Dec 31, 2009	Adjusted Balance Dec 31, 2010
11000	Accounts Receivable	0.00	0.00
32000	Unrestricted Net Assets	0.00	0.00
900000	Internet	0.00	0.00
900001	Internet expense	0.00	0.00

Allband Communications Cooperative Grouping Schedule Report Unassigned Accounts

20510 Page 9

The Following Accounts Have Not Been Assigned To Any Schedule

Account Number	Description	Adjusted Balance Dec 31, 2009	Adjusted Balance Dec 31, 2010
11000	Accounts Receivable	0.00	00.0
32000	Unrestricted Net Assets	0.00	0.00
900000	Internet	00,0	0.00
900001	Internet expense	0.00	0.00

Appendix 2, Attachment 3

Allband Communication Cooperative

RUS Loan Amortization Schedule

Compound Period: Monthly

Nominal Annual Rate : 5.000 %

CASH FLOW DATA

	Event	Date	Amount	Number	Period	End Date
1	Loan	11/30/2011	6,667,359.15	1		
2	Payment	12/31/2011	53,178.93	177	Monthly	08/31/2026
3	Payment	09/30/2026	38,563.73	1	-	

AMORTIZATION SCHEDULE - Normal Amortization

	Date	Payment	Interest	Principal	Balance
Loan	11/30/2011				6,667,359.15
1	12/31/2011	53,178.93	27,780.66	25,398.27	6,641,960.88
2011 To	tals	53,178.93	27,780.66	25,398.27	
2	01/31/2012	53,178.93	27,674.84	25,504.09	6,616,456.79
3	02/29/2012	53,178.93	27,568.57	25,610.36	6,590,846.43
4	03/31/2012	53,178.93	27,461.86	25,717.07	6,565,129.36
5	04/30/2012	53,178.93	27,354.71	25,824.22	6,539,305.14
6	05/31/2012	53,178.93	27,247.10	25,931.83	6,513,373.31
7	06/30/2012	53,178.93	27,139.06	26,039.87	6,487,333.44
8	07/31/2012	53,178.93	27,030.56	26,148.37	6,461,185.07
9	08/31/2012	53,178.93	26,921.60	26,257.33	6,434,927.74
10	09/30/2012	53,178.93	26,812.20	26,366.73	6,408,561.01
11	10/31/2012	53,178.93	26,702.34	26,476.59	6,382,084.42
12	11/30/2012	53,178.93	26,592.02	26,586.91	6,355,497.51
13	12/31/2012	53,178.93	26,481.24	26,697.69	6,328,799.82
2012 To	tals	638,147.16	324,986.10	313,161.06	
14	01/31/2013	53,178.93	26,370.00	26,808.93	6,301,990.89
15	02/28/2013	53,178.93	26,258.30	26,920.63	6,275,070.26
16	03/31/2013	53,178.93	26,146.13	27,032.80	6,248,037.46
17	04/30/2013	53,178.93	26,033.49	27,145.44	6,220,892.02
18	05/31/2013	53,178.93	25,920.38	27,258.55	6,193,633.47
19	06/30/2013	53,178.93	25,806.81	27,372.12	6,166,261.35
20	07/31/2013	53,178.93	25,692.76	27,486.17	6,138,775.18
21	08/31/2013	53,178.93	25,578.23	27,600.70	6,111,174.48
22	09/30/2013	53,178.93	25,463.23	27,715.70	6,083,458.78
23	10/31/2013	53,178.93	25,347.74	27,831.19	6,055,627.59
24	11/30/2013	53,178.93	25,231.78	27,947.15	6,027,680.44
25	12/31/2013	53,178.93	25,115.34	28,063.59	5,999,616.85
2013 To	tals	638,147.16	308,964.19	329,182.97	
26	01/31/2014	53,178.93	24,998.40	28,180.53	5,971,436.32
27	02/28/2014	53,178.93	24,880.98	28,297.95	5,943,138.37
28	03/31/2014	53,178.93	24,763.08	28,415.85	5,914,722.52

	Date	Payment	Interest	Principal	Balance
29	04/30/2014	53,178.93	24,644.68	28,534.25	5,886,188.27
30	05/31/2014	53,178.93	24,525.78	28,653.15	5,857,535.12
31	06/30/2014	53,178.93	24,406.40	28,772.53	5,828,762.59
32	07/31/2014	53,178.93	24,286.51	28,892.42	5,799,870.17
33	08/31/2014	53,178.93	24,166.13	29,012.80	5,770,857.37
34	09/30/2014	53,178.93	24,045.24	29,133.69	5,741,723.68
35	10/31/2014	53,178.93	23,923.85	29,255.08	5,712,468.60
36	11/30/2014	53,178.93	23,801.95	29,376.98	5,683,091.62
37	12/31/2014	53,178.93	23,679.55	29,499.38	5,653,592.24
2014 To		638,147.16	292,122.55	346,024.61	, ,
38	01/31/2015	53,178.93	23,556.63	29,622.30	5,623,969.94
39	02/28/2015	53,178.93	23,433.21	29,745.72	5,594,224.22
40	03/31/2015	53,178.93	23,309.27	29,869.66	5,564,354.56
41	04/30/2015	53,178.93	23,184.81	29,994.12	5,534,360.44
42	05/31/2015	53,178.93	23,059.84	30,119.09	5,504,241.35
43	06/30/2015	53,178.93	22,934.34	30,244.59	5,473,996.76
44	07/31/2015	53,178.93	22,808.32	30,370.61	5,443,626.15
45	08/31/2015	53,178.93	22,681.78	30,497.15	5,413,129.00
46	09/30/2015	53,178.93	22,554.70	30,624.23	5,382,504.77
47	10/31/2015	53,178.93	22,427.10	30,751.83	5,351,752.94
48	11/30/2015	53,178.93	22,298.97	30,879.96	5,320,872.98
49	12/31/2015	53,178.93	22,170.30	31,008.63	5,289,864.35
2015 To	tals	638,147.16	274,419.27	363,727.89	, ,
50	01/31/2016	53,178.93	22,041.10	31,137.83	5,258,726.52
51	02/29/2016	53,178.93	21,911.36	31,267.57	5,227,458.95
52	03/31/2016	53,178.93	21,781.08	31,397.85	5,196,061.10
53	04/30/2016	53,178.93	21,650.25	31,528.68	5,164,532.42
54	05/31/2016	53,178.93	21,518.89	31,660.04	5,132,872.38
55	06/30/2016	53,178.93	21,386.97	31,791.96	5,101,080.42
56	07/31/2016	53,178.93	21,254.50	31,924.43	5,069,155.99
57	08/31/2016	53,178.93	21,121.48	32,057.45	5,037,098.54
58	09/30/2016	53,178.93	20,987.91	32,191.02	5,004,907.52
59	10/31/2016	53,178.93	20,853.78	32,325.15	4,972,582.37
60	11/30/2016	53,178.93	20,719.09	32,459.84	4,940,122.53
61	12/31/2016	53,178.93	20,583.84	32,595.09	4,907,527.44
2016 To	tals	638,147.16	255,810.25	382,336.91	
62	01/31/2017	53,178.93	20,448.03	32,730.90	4,874,796.54
63	02/28/2017	53,178.93	20,311.65	32,867.28	4,841,929.26
64	03/31/2017	53,178.93	20,174.71	33,004.22	4,808,925.04
65	04/30/2017	53,178.93	20,037.19	33,141.74	4,775,783.30
66	05/31/2017	53,178.93	19,899.10	33,279.83	4,742,503.47
67	06/30/2017	53,178.93	19,760.43	33,418.50	4,709,084.97
68	07/31/2017	53,178.93	19,621.19	33,557.74	4,675,527.23
69	08/31/2017	53,178.93	19,481.36	33,697.57	4,641,829.66
70	09/30/2017	53,178.93	19,340.96	33,837.97	4,607,991.69
71	10/31/2017	53,178.93	19,199.97	33,978.96	4,574,012.73
		•	•	•	•

	Date	Payment	Interest	Principal	Balance
72	11/30/2017	53,178.93	19,058.39	34,120.54	4,539,892.19
	12/31/2017	53,178.93	18,916.22	34,262.71	4,505,629.48
2017 Tota	als	638,147.16	236,249.20	401,897.96	
	01/31/2018	53,178.93	18,773.46	34,405.47	4,471,224.01
	02/28/2018	53,178.93	18,630.10	34,548.83	4,436,675.18
	03/31/2018	53,178.93	18,486.15	34,692.78	4,401,982.40
	04/30/2018	53,178.93	18,341.59	34,837.34	4,367,145.06
	05/31/2018	53,178.93	18,196.44	34,982.49	4,332,162.57
	06/30/2018	53,178.93	18,050.68	35,128.25	4,297,034.32
	07/31/2018	53,178.93	17,904.31	35,274.62	4,261,759.70
	08/31/2018 09/30/2018	53,178.93	17,757.33	35,421.60 35,560.10	4,226,338.10
	10/31/2018	53,178.93 53,178.93	17,609.74 17,461.54	35,569.19 35,717.39	4,190,768.91 4,155,051.52
	11/30/2018	53,178.93	17,461.54	35,866.22	4,119,185.30
	12/31/2018	53,178.93	17,163.27	36,015.66	4,083,169.64
2018 Tota		638,147.16	215,687.32	422,459.84	4,000,100.04
0.0	04/04/0040	50.470.00	47.040.04	00.405.70	4 0 47 000 00
	01/31/2019	53,178.93	17,013.21	36,165.72	4,047,003.92
	02/28/2019	53,178.93	16,862.52	36,316.41	4,010,687.51
	03/31/2019	53,178.93	16,711.20	36,467.73	3,974,219.78
	04/30/2019	53,178.93	16,559.25	36,619.68	3,937,600.10
	05/31/2019 06/30/2019	53,178.93 53,178.93	16,406.67	36,772.26	3,900,827.84
	07/31/2019	53,178.93	16,253.45 16,099.59	36,925.48 37,079.34	3,863,902.36 3,826,823.02
	08/31/2019	53,178.93	15,945.10	37,233.83	3,789,589.19
	09/30/2019	53,178.93	15,789.95	37,388.98	3,752,200.21
	10/31/2019	53,178.93	15,634.17	37,544.76	3,714,655.45
	11/30/2019	53,178.93	15,477.73	37,701.20	3,676,954.25
	12/31/2019	53,178.93	15,320.64	37,858.29	3,639,095.96
2019 Tota		638,147.16	194,073.48	444,073.68	-,,
98	01/31/2020	53,178.93	15,162.90	38,016.03	3,601,079.93
	02/29/2020	53,178.93	15,004.50	38,174.43	3,562,905.50
	03/31/2020	53,178.93	14,845.44	38,333.49	3,524,572.01
	04/30/2020	53,178.93	14,685.72	38,493.21	3,486,078.80
102	05/31/2020	53,178.93	14,525.33	38,653.60	3,447,425.20
103	06/30/2020	53,178.93	14,364.27	38,814.66	3,408,610.54
	07/31/2020	53,178.93	14,202.54	38,976.39	3,369,634.15
	08/31/2020	53,178.93	14,040.14	39,138.79	3,330,495.36
	09/30/2020	53,178.93	13,877.06	39,301.87	3,291,193.49
	10/31/2020	53,178.93	13,713.31	39,465.62	3,251,727.87
	11/30/2020	53,178.93	13,548.87	39,630.06	3,212,097.81
	12/31/2020	53,178.93	13,383.74	39,795.19	3,172,302.62
2020 Tota	ais	638,147.16	171,353.82	466,793.34	
	01/31/2021	53,178.93	13,217.93	39,961.00	3,132,341.62
	02/28/2021	53,178.93	13,051.42	40,127.51	3,092,214.11
112	03/31/2021	53,178.93	12,884.23	40,294.70	3,051,919.41

	Date	Payment	Interest	Principal	Balance
113	04/30/2021	53,178.93	12,716.33	40,462.60	3,011,456.81
114	05/31/2021	53,178.93	12,547.74	40,631.19	2,970,825.62
115	06/30/2021	53,178.93	12,378.44	40,800.49	2,930,025.13
116	07/31/2021	53,178.93	12,208.44	40,970.49	2,889,054.64
117	08/31/2021	53,178.93	12,037.73	41,141.20	2,847,913.44
118	09/30/2021	53,178.93	11,866.31	41,312.62	2,806,600.82
119	10/31/2021	53,178.93	11,694.17	41,484.76	2,765,116.06
120	11/30/2021	53,178.93	11,521.32	41,657.61	2,723,458.45
121	12/31/2021	53,178.93	11,347.74	41,831.19	2,681,627.26
2021 To	tals	638,147.16	147,471.80	490,675.36	
122	01/31/2022	53,178.93	11,173.45	42,005.48	2,639,621.78
123	02/28/2022	53,178.93	10,998.42	42,180.51	2,597,441.27
124	03/31/2022	53,178.93	10,822.67	42,356.26	2,555,085.01
125	04/30/2022	53,178.93	10,646.19	42,532.74	2,512,552.27
126	05/31/2022	53,178.93	10,468.97	42,709.96	2,469,842.31
127	06/30/2022	53,178.93	10,291.01	42,887.92	2,426,954.39
128	07/31/2022	53,178.93	10,112.31	43,066.62	2,383,887.77
129	08/31/2022	53,178.93	9,932.87	43,246.06	2,340,641.71
130	09/30/2022	53,178.93	9,752.67	43,426.26	2,297,215.45
131	10/31/2022	53,178.93	9,571.73	43,607.20	2,253,608.25
132	11/30/2022	53,178.93	9,390.03	43,788.90	2,209,819.35
133	12/31/2022	53,178.93	9,207.58	43,971.35	2,165,848.00
2022 To	tals	638,147.16	122,367.90	515,779.26	
134	01/31/2023	53,178.93	9,024.37	44,154.56	2,121,693.44
135	02/28/2023	53,178.93	8,840.39	44,338.54	2,077,354.90
136	03/31/2023	53,178.93	8,655.65	44,523.28	2,032,831.62
137	04/30/2023	53,178.93	8,470.13	44,708.80	1,988,122.82
138	05/31/2023	53,178.93	8,283.85	44,895.08	1,943,227.74
139	06/30/2023	53,178.93	8,096.78	45,082.15	1,898,145.59
140	07/31/2023	53,178.93	7,908.94	45,269.99	1,852,875.60
141	08/31/2023	53,178.93	7,720.32	45,458.61	1,807,416.99
142	09/30/2023	53,178.93	7,530.90	45,648.03	1,761,768.96
143	10/31/2023	53,178.93	7,340.70	45,838.23	1,715,930.73
144	11/30/2023	53,178.93	7,149.71	46,029.22	1,669,901.51
145	12/31/2023	53,178.93	6,957.92	46,221.01	1,623,680.50
2023 To	tals	638,147.16	95,979.66	542,167.50	
146	01/31/2024	53,178.93	6,765.34	46,413.59	1,577,266.91
147	02/29/2024	53,178.93	6,571.95	46,606.98	1,530,659.93
148	03/31/2024	53,178.93	6,377.75	46,801.18	1,483,858.75
149	04/30/2024	53,178.93	6,182.74	46,996.19	1,436,862.56
150	05/31/2024	53,178.93	5,986.93	47,192.00	1,389,670.56
151	06/30/2024	53,178.93	5,790.29	47,388.64	1,342,281.92
152	07/31/2024	53,178.93	5,592.84	47,586.09	1,294,695.83
153	08/31/2024	53,178.93	5,394.57	47,784.36	1,246,911.47
154	09/30/2024	53,178.93	5,195.46	47,983.47	1,198,928.00
155	10/31/2024	53,178.93	4,995.53	48,183.40	1,150,744.60

Date Payment Interest Principal Balance 156 11/30/2024 53,178.93 4,794.77 48,384.16 1,102,360.44 157 12/31/2024 53,178.93 4,593.17 48,585.76 1,053,774.68 2024 Totals 638,147.16 68,241.34 569,905.82 1,004,986.48 158 01/31/2025 53,178.93 4,390.73 48,788.20 1,004,986.48 159 02/28/2025 53,178.93 3,983.31 49,195.62 906,799.37 160 03/31/2025 53,178.93 3,983.31 49,195.62 906,799.37 161 04/50/2025 53,178.93 3,778.33 49,400.60 857,398.77 162 05/31/2025 53,178.93 3,365.80 49,813.13 757,979.23 164 07/31/2025 53,178.93 3,365.80 49,813.13 757,979.24 164 07/31/2025 53,178.93 2,349.83 50,229.10 657,729.42 166 09/30/2025 53,178.93 2,740.54 50,458.39 <td< th=""><th></th><th></th><th></th><th></th><th></th><th></th></td<>						
157 12/31/2024 53,178.93 4,593.17 48,585.76 1,053,774.68 2024 Totals 638,147.16 68,241.34 569,905.82 158 01/31/2025 53,178.93 4,390.73 48,788.20 1,004,986.48 159 02/28/2025 53,178.93 4,187.44 48,991.49 955,994.99 160 03/31/2025 53,178.93 3,983.31 49,195.62 906,799.37 161 04/30/2025 53,178.93 3,778.33 49,400.60 857,398.77 162 05/31/2025 53,178.93 3,572.49 49,606.44 807,792.33 163 06/30/2025 53,178.93 3,365.80 49,813.13 757,979.20 164 07/31/2025 53,178.93 3,158.25 50,020.68 707,958.52 165 08/31/2025 53,178.93 2,949.83 50,229.10 657,729.42 166 09/30/2025 53,178.93 2,740.54 50,438.39 607,291.03 167 10/31/2025 53,178.93 2,740.54 50,438.39 607,291.03 167 10/31/2025 53,178.93 2,530.38 50,648.55 556,642.48 168 11/30/2025 53,178.93 2,319.34 50,859.59 505,782.89 169 12/31/2025 53,178.93 2,107.43 51,071.50 454,711.39 2025 Totals 638,147.16 39,083.87 599,063.29 170 01/31/2026 53,178.93 1,894.63 51,284.30 403,427.09 171 02/28/2026 53,178.93 1,680.95 51,497.98 351,929.11 172 03/31/2026 53,178.93 1,680.95 51,497.98 351,929.11 172 03/31/2026 53,178.93 1,250.90 51,928.03 248,288.52 174 05/31/2026 53,178.93 1,250.90 51,928.03 248,288.52 174 05/31/2026 53,178.93 1,250.90 51,928.03 248,288.52 174 05/31/2026 53,178.93 1,250.90 51,928.03 248,288.52 174 05/31/2026 53,178.93 1,250.90 51,928.03 248,288.52 174 05/31/2026 53,178.93 1,250.90 51,928.03 248,288.52 174 05/31/2026 53,178.93 1,250.90 51,928.03 248,288.52 174 05/31/2026 53,178.93 1,250.90 51,928.03 248,288.52 174 05/31/2026 53,178.93 1,250.90 51,928.03 248,288.52 174 05/31/2026 53,178.93 1,250.90 51,928.03 248,288.52 174 05/31/2026 53,178.93 1,250.90 51,928.03 248,288.52 174 05/31/2026 53,178.93 1,250.90 51,928.03 248,288.52 174 05/31/2026 53,178.93 1,250.90 51,928.03 248,288.52 174 05/31/2026 53,178.93 1,250.90 51,928.03 248,288.52 174 05/31/2026 53,178.93 1,250.90 51,928.03 248,288.52 174 05/31/2026 53,178.93 599.09 52,579.84 91,202.63 177 08/31/2026 53,178.93 380.01 52,798.92 38,403.71 178 09/30/2026 53,178.93 380.01 52,798.92 38,403.71 178 09/30/2026 38,563.73 160.02 38,403		Date	Payment	Interest	Principal	Balance
157 12/31/2024 53,178.93 4,593.17 48,585.76 1,053,774.68 2024 Totals 638,147.16 68,241.34 569,905.82 158 01/31/2025 53,178.93 4,390.73 48,788.20 1,004,986.48 159 02/28/2025 53,178.93 4,187.44 48,991.49 955,994.99 160 03/31/2025 53,178.93 3,983.31 49,195.62 906,799.37 161 04/30/2025 53,178.93 3,778.33 49,400.60 857,398.77 162 05/31/2025 53,178.93 3,572.49 49,606.44 807,792.33 163 06/30/2025 53,178.93 3,365.80 49,813.13 757,979.20 164 07/31/2025 53,178.93 3,158.25 50,020.68 707,958.52 165 08/31/2025 53,178.93 2,949.83 50,229.10 657,729.42 166 09/30/2025 53,178.93 2,740.54 50,438.39 607,291.03 167 10/31/2025 53,178.93 2,740.54 50,438.39 607,291.03 167 10/31/2025 53,178.93 2,530.38 50,648.55 556,642.48 168 11/30/2025 53,178.93 2,319.34 50,859.59 505,782.89 169 12/31/2025 53,178.93 2,107.43 51,071.50 454,711.39 2025 Totals 638,147.16 39,083.87 599,063.29 170 01/31/2026 53,178.93 1,894.63 51,284.30 403,427.09 171 02/28/2026 53,178.93 1,680.95 51,497.98 351,929.11 172 03/31/2026 53,178.93 1,680.95 51,497.98 351,929.11 172 03/31/2026 53,178.93 1,250.90 51,928.03 248,288.52 174 05/31/2026 53,178.93 1,250.90 51,928.03 248,288.52 174 05/31/2026 53,178.93 1,250.90 51,928.03 248,288.52 174 05/31/2026 53,178.93 1,250.90 51,928.03 248,288.52 174 05/31/2026 53,178.93 1,250.90 51,928.03 248,288.52 174 05/31/2026 53,178.93 1,250.90 51,928.03 248,288.52 174 05/31/2026 53,178.93 1,250.90 51,928.03 248,288.52 174 05/31/2026 53,178.93 1,250.90 51,928.03 248,288.52 174 05/31/2026 53,178.93 1,250.90 51,928.03 248,288.52 174 05/31/2026 53,178.93 1,250.90 51,928.03 248,288.52 174 05/31/2026 53,178.93 1,250.90 51,928.03 248,288.52 174 05/31/2026 53,178.93 1,250.90 51,928.03 248,288.52 174 05/31/2026 53,178.93 1,250.90 51,928.03 248,288.52 174 05/31/2026 53,178.93 1,250.90 51,928.03 248,288.52 174 05/31/2026 53,178.93 1,250.90 51,928.03 248,288.52 174 05/31/2026 53,178.93 599.09 52,579.84 91,202.63 177 08/31/2026 53,178.93 380.01 52,798.92 38,403.71 178 09/30/2026 53,178.93 380.01 52,798.92 38,403.71 178 09/30/2026 38,563.73 160.02 38,403	156	11/30/2024	53,178.93	4,794,77	48,384.16	1,102,360,44
2024 Totals 638,147.16 68,241.34 569,905.82 158 01/31/2025 53,178.93 4,390.73 48,788.20 1,004,986.48 159 02/28/2025 53,178.93 4,187.44 48,991.49 955,994.99 160 03/31/2025 53,178.93 3,983.31 49,195.62 906,799.37 161 04/30/2025 53,178.93 3,778.33 49,400.60 857,398.77 162 05/31/2025 53,178.93 3,365.80 49,813.13 757,979.20 163 06/30/2025 53,178.93 3,158.25 50,020.68 707,958.52 165 08/31/2025 53,178.93 2,949.83 50,229.10 657,729.42 166 09/30/2025 53,178.93 2,740.54 50,438.39 607,291.03 167 10/31/2025 53,178.93 2,530.38 50,648.55 566,642.48 168 11/30/2025 53,178.93 2,319.34 50,859.59 505,782.89 169 12/31/2025 53,178.93 2,107.43 51,071.50 454,711.39 2025 Totals 638,147.16 39,083.87 599,063.29 170 01/31/	157	12/31/2024	•	•	-	
158 01/31/2025 53,178.93 4,390.73 48,788.20 1,004,986.48 159 02/28/2025 53,178.93 4,187.44 48,991.49 955,994.99 160 03/31/2025 53,178.93 3,983.31 49,195.62 906,799.37 161 04/30/2025 53,178.93 3,778.33 49,400.60 857,398.77 162 05/31/2025 53,178.93 3,572.49 49,606.44 807,792.33 163 06/30/2025 53,178.93 3,365.80 49,813.13 757,979.20 164 07/31/2025 53,178.93 3,158.25 50,020.68 707,958.52 165 08/31/2025 53,178.93 2,949.83 50,229.10 657,729.42 166 09/30/2025 53,178.93 2,740.54 50,438.39 607,291.03 167 10/31/2025 53,178.93 2,530.38 50,648.55 556,642.48 168 11/30/2025 53,178.93 2,319.34 50,859.59 505,782.89 169 12/31/2025 53,178.93 2,107.43 51,071.50 454,711.39 2025 Totals 638,147.16 39,083.87 599,063.29 170 01/31/2026 53,178.93 1,894.63 51,284.30 403,427.09 171 02/28/2026 53,178.93 1,894.63 51,284.30 403,427.09 171 02/28/2026 53,178.93 1,680.95 51,497.98 351,929.11 172 03/31/2026 53,178.93 1,680.95 51,497.98 351,929.11 172 03/31/2026 53,178.93 1,680.95 51,497.98 351,929.11 172 03/31/2026 53,178.93 1,250.90 51,928.03 248,288.52 174 05/31/2026 53,178.93 1,250.90 51,928.03 248,288.52 174 05/31/2026 53,178.93 1,250.90 51,928.03 248,288.52 174 05/31/2026 53,178.93 1,250.90 51,928.03 248,288.52 174 05/31/2026 53,178.93 1,250.90 51,928.03 248,288.52 174 05/31/2026 53,178.93 1,250.90 51,928.03 248,288.52 174 05/31/2026 53,178.93 1,250.90 51,928.03 248,288.52 174 05/31/2026 53,178.93 1,250.90 52,579.84 91,202.63 177 08/31/2026 53,178.93 599.09 52,579.84 91,202.63 177 08/31/2026 53,178.93 380.01 52,798.92 38,403.71 178 09/30/2026 53,178.93 380.01 52,798.92 38,403.71 178 09/30/2026 53,178.93 380.01 52,798.92 38,403.71 178 09/30/2026 53,178.93 380.01 52,798.92 38,403.71 178 09/30/2026 53,178.93 380.01 52,798.92 38,403.71 178 09/30/2026 53,178.93 380.01 52,798.92 38,403.71 178 09/30/2026 38,563.73 160.02 38,403.71 0.00	2024 To		•	•	•	, ,
159 02/28/2025 53,178.93 4,187.44 48,991.49 955,994.99 160 03/31/2025 53,178.93 3,983.31 49,195.62 906,799.37 161 04/30/2025 53,178.93 3,778.33 49,400.60 857,398.77 162 05/31/2025 53,178.93 3,572.49 49,606.44 807,792.33 163 06/30/2025 53,178.93 3,365.80 49,813.13 757,792.20 164 07/31/2025 53,178.93 3,158.25 50,020.68 707,958.52 165 08/31/2025 53,178.93 2,949.83 50,229.10 657,729.42 166 09/30/2025 53,178.93 2,740.54 50,438.39 607,291.03 167 10/31/2025 53,178.93 2,319.34 50,859.59 505,782.89 168 11/30/2025 53,178.93 2,107.43 51,071.50 454,711.39 2025 Totals 638,147.16 39,083.87 599,063.29 170 01/31/2026 53,178.93 1,680.95 51,497.98 351			,	,	,	
160 03/31/2025 53,178.93 3,983.31 49,195.62 906,799.37 161 04/30/2025 53,178.93 3,778.33 49,400.60 857,398.77 162 05/31/2025 53,178.93 3,572.49 49,606.44 807,792.33 163 06/30/2025 53,178.93 3,365.80 49,813.13 757,979.20 164 07/31/2025 53,178.93 3,158.25 50,020.68 707,958.52 165 08/31/2025 53,178.93 2,949.83 50,229.10 657,729.42 166 09/30/2025 53,178.93 2,740.54 50,438.39 607,291.03 167 10/31/2025 53,178.93 2,530.38 50,648.55 556,642.48 168 11/30/2025 53,178.93 2,319.34 50,859.59 505,782.89 169 12/31/2025 53,178.93 2,107.43 51,071.50 454,711.39 2025 Totals 638,147.16 39,083.87 599,063.29 170 01/31/2026 53,178.93 1,894.63 51,284.30 403,427.09 171 02/28/2026 53,178.93 1,680.95	158	01/31/2025	53,178.93	4,390.73	48,788.20	1,004,986.48
161 04/30/2025 53,178.93 3,778.33 49,400.60 857,398.77 162 05/31/2025 53,178.93 3,572.49 49,606.44 807,792.33 163 06/30/2025 53,178.93 3,365.80 49,813.13 757,979.20 164 07/31/2025 53,178.93 3,158.25 50,020.68 707,958.52 165 08/31/2025 53,178.93 2,949.83 50,229.10 657,729.42 166 09/30/2025 53,178.93 2,740.54 50,438.39 607,291.03 167 10/31/2025 53,178.93 2,530.38 50,648.55 556,642.48 168 11/30/2025 53,178.93 2,319.34 50,859.59 505,782.89 169 12/31/2025 53,178.93 2,107.43 51,071.50 454,711.39 2025 Totals 638,147.16 39,083.87 599,063.29 170 01/31/2026 53,178.93 1,894.63 51,284.30 403,427.09 171 02/28/2026 53,178.93 1,680.95 51,497.98 351,929.11 172 03/31/2026 53,178.93 1,250.90	159	02/28/2025	53,178.93	4,187.44	48,991.49	955,994.99
162 05/31/2025 53,178.93 3,572.49 49,606.44 807,792.33 163 06/30/2025 53,178.93 3,365.80 49,813.13 757,979.20 164 07/31/2025 53,178.93 3,158.25 50,020.68 707,958.52 165 08/31/2025 53,178.93 2,949.83 50,229.10 657,729.42 166 09/30/2025 53,178.93 2,740.54 50,438.39 607,291.03 167 10/31/2025 53,178.93 2,530.38 50,648.55 556,642.48 168 11/30/2025 53,178.93 2,319.34 50,859.59 505,782.89 169 12/31/2025 53,178.93 2,107.43 51,071.50 454,711.39 2025 Totals 638,147.16 39,083.87 599,063.29 170 01/31/2026 53,178.93 1,894.63 51,284.30 403,427.09 171 02/28/2026 53,178.93 1,680.95 51,497.98 351,929.11 172 03/31/2026 53,178.93 1,250.90 51,928.03 248,288.52 174 05/31/2026 53,178.93 1,034.54	160	03/31/2025	53,178.93	3,983.31	49,195.62	906,799.37
163 06/30/2025 53,178.93 3,365.80 49,813.13 757,979.20 164 07/31/2025 53,178.93 3,158.25 50,020.68 707,958.52 165 08/31/2025 53,178.93 2,949.83 50,229.10 657,729.42 166 09/30/2025 53,178.93 2,740.54 50,438.39 607,291.03 167 10/31/2025 53,178.93 2,530.38 50,648.55 556,642.48 168 11/30/2025 53,178.93 2,319.34 50,859.59 505,782.89 169 12/31/2025 53,178.93 2,107.43 51,071.50 454,711.39 2025 Totals 638,147.16 39,083.87 599,063.29 170 01/31/2026 53,178.93 1,894.63 51,284.30 403,427.09 171 02/28/2026 53,178.93 1,680.95 51,497.98 351,929.11 172 03/31/2026 53,178.93 1,250.90 51,928.03 248,288.52 174 05/31/2026 53,178.93 1,034.54 52,144.39 196,144.13 175 06/30/2026 53,178.93 599.09	161	04/30/2025	53,178.93	3,778.33	49,400.60	857,398.77
164 07/31/2025 53,178.93 3,158.25 50,020.68 707,958.52 165 08/31/2025 53,178.93 2,949.83 50,229.10 657,729.42 166 09/30/2025 53,178.93 2,740.54 50,438.39 607,291.03 167 10/31/2025 53,178.93 2,530.38 50,648.55 556,642.48 168 11/30/2025 53,178.93 2,319.34 50,859.59 505,782.89 169 12/31/2025 53,178.93 2,107.43 51,071.50 454,711.39 2025 Totals 638,147.16 39,083.87 599,063.29 599,063.29 170 01/31/2026 53,178.93 1,894.63 51,284.30 403,427.09 171 02/28/2026 53,178.93 1,680.95 51,497.98 351,929.11 172 03/31/2026 53,178.93 1,250.90 51,928.03 248,288.52 174 05/31/2026 53,178.93 1,034.54 52,144.39 196,144.13 175 06/30/2026 53,178.93 817.27 52,361.66 143,782.47 176 07/31/2026 53,178.93	162	05/31/2025	53,178.93	3,572.49	49,606.44	807,792.33
165 08/31/2025 53,178.93 2,949.83 50,229.10 657,729.42 166 09/30/2025 53,178.93 2,740.54 50,438.39 607,291.03 167 10/31/2025 53,178.93 2,530.38 50,648.55 556,642.48 168 11/30/2025 53,178.93 2,319.34 50,859.59 505,782.89 169 12/31/2025 53,178.93 2,107.43 51,071.50 454,711.39 2025 Totals 638,147.16 39,083.87 599,063.29 170 01/31/2026 53,178.93 1,894.63 51,284.30 403,427.09 171 02/28/2026 53,178.93 1,680.95 51,497.98 351,929.11 172 03/31/2026 53,178.93 1,466.37 51,712.56 300,216.55 173 04/30/2026 53,178.93 1,250.90 51,928.03 248,288.52 174 05/31/2026 53,178.93 1,034.54 52,144.39 196,144.13 175 06/30/2026 53,178.93 817.27 52,361.66 143,782.47 176 07/31/2026 53,178.93 380.01 52,798.92 38,403.71 178 09/30/2026 38,563.73 160.02 38,403.71 0.00 <td>163</td> <td>06/30/2025</td> <td>53,178.93</td> <td>3,365.80</td> <td>49,813.13</td> <td>757,979.20</td>	163	06/30/2025	53,178.93	3,365.80	49,813.13	757,979.20
166 09/30/2025 53,178.93 2,740.54 50,438.39 607,291.03 167 10/31/2025 53,178.93 2,530.38 50,648.55 556,642.48 168 11/30/2025 53,178.93 2,319.34 50,859.59 505,782.89 169 12/31/2025 53,178.93 2,107.43 51,071.50 454,711.39 2025 Totals 638,147.16 39,083.87 599,063.29 170 01/31/2026 53,178.93 1,894.63 51,284.30 403,427.09 171 02/28/2026 53,178.93 1,680.95 51,497.98 351,929.11 172 03/31/2026 53,178.93 1,466.37 51,712.56 300,216.55 173 04/30/2026 53,178.93 1,250.90 51,928.03 248,288.52 174 05/31/2026 53,178.93 1,034.54 52,144.39 196,144.13 175 06/30/2026 53,178.93 817.27 52,361.66 143,782.47 176 07/31/2026 53,178.93 380.01 52,798.92 38,403.71 178 09/30/2026 38,563.73 160.02 3	164	07/31/2025	53,178.93	3,158.25	50,020.68	707,958.52
167 10/31/2025 53,178.93 2,530.38 50,648.55 556,642.48 168 11/30/2025 53,178.93 2,319.34 50,859.59 505,782.89 169 12/31/2025 53,178.93 2,107.43 51,071.50 454,711.39 2025 Totals 638,147.16 39,083.87 599,063.29 170 01/31/2026 53,178.93 1,894.63 51,284.30 403,427.09 171 02/28/2026 53,178.93 1,680.95 51,497.98 351,929.11 172 03/31/2026 53,178.93 1,466.37 51,712.56 300,216.55 173 04/30/2026 53,178.93 1,250.90 51,928.03 248,288.52 174 05/31/2026 53,178.93 1,034.54 52,144.39 196,144.13 175 06/30/2026 53,178.93 817.27 52,361.66 143,782.47 176 07/31/2026 53,178.93 380.01 52,798.92 38,403.71 178 09/30/2026 38,563.73 160.02 38,403.71 0.00 2026 Totals 463,995.17 9,283.78 454,711.39 <td>165</td> <td>08/31/2025</td> <td>53,178.93</td> <td>2,949.83</td> <td>50,229.10</td> <td>657,729.42</td>	165	08/31/2025	53,178.93	2,949.83	50,229.10	657,729.42
168 11/30/2025 53,178.93 2,319.34 50,859.59 505,782.89 169 12/31/2025 53,178.93 2,107.43 51,071.50 454,711.39 2025 Totals 638,147.16 39,083.87 599,063.29 170 01/31/2026 53,178.93 1,894.63 51,284.30 403,427.09 171 02/28/2026 53,178.93 1,680.95 51,497.98 351,929.11 172 03/31/2026 53,178.93 1,466.37 51,712.56 300,216.55 173 04/30/2026 53,178.93 1,250.90 51,928.03 248,288.52 174 05/31/2026 53,178.93 1,034.54 52,144.39 196,144.13 175 06/30/2026 53,178.93 817.27 52,361.66 143,782.47 176 07/31/2026 53,178.93 599.09 52,579.84 91,202.63 177 08/31/2026 53,178.93 380.01 52,798.92 38,403.71 178 09/30/2026 38,563.73 160.02 38,403.71 0.00 2026 Totals 463,995.17 9,283.78 <	166	09/30/2025	53,178.93	2,740.54	50,438.39	607,291.03
169 12/31/2025 53,178.93 2,107.43 51,071.50 454,711.39 2025 Totals 638,147.16 39,083.87 599,063.29 170 01/31/2026 53,178.93 1,894.63 51,284.30 403,427.09 171 02/28/2026 53,178.93 1,680.95 51,497.98 351,929.11 172 03/31/2026 53,178.93 1,466.37 51,712.56 300,216.55 173 04/30/2026 53,178.93 1,250.90 51,928.03 248,288.52 174 05/31/2026 53,178.93 1,034.54 52,144.39 196,144.13 175 06/30/2026 53,178.93 817.27 52,361.66 143,782.47 176 07/31/2026 53,178.93 599.09 52,579.84 91,202.63 177 08/31/2026 53,178.93 380.01 52,798.92 38,403.71 178 09/30/2026 38,563.73 160.02 38,403.71 0.00 2026 Totals 463,995.17 9,283.78 454,711.39	167	10/31/2025	53,178.93	2,530.38	50,648.55	556,642.48
2025 Totals 638,147.16 39,083.87 599,063.29 170 01/31/2026 53,178.93 1,894.63 51,284.30 403,427.09 171 02/28/2026 53,178.93 1,680.95 51,497.98 351,929.11 172 03/31/2026 53,178.93 1,466.37 51,712.56 300,216.55 173 04/30/2026 53,178.93 1,250.90 51,928.03 248,288.52 174 05/31/2026 53,178.93 1,034.54 52,144.39 196,144.13 175 06/30/2026 53,178.93 817.27 52,361.66 143,782.47 176 07/31/2026 53,178.93 599.09 52,579.84 91,202.63 177 08/31/2026 53,178.93 380.01 52,798.92 38,403.71 178 09/30/2026 38,563.73 160.02 38,403.71 0.00 2026 Totals 463,995.17 9,283.78 454,711.39	168	11/30/2025	53,178.93	2,319.34	50,859.59	505,782.89
170 01/31/2026 53,178.93 1,894.63 51,284.30 403,427.09 171 02/28/2026 53,178.93 1,680.95 51,497.98 351,929.11 172 03/31/2026 53,178.93 1,466.37 51,712.56 300,216.55 173 04/30/2026 53,178.93 1,250.90 51,928.03 248,288.52 174 05/31/2026 53,178.93 1,034.54 52,144.39 196,144.13 175 06/30/2026 53,178.93 817.27 52,361.66 143,782.47 176 07/31/2026 53,178.93 599.09 52,579.84 91,202.63 177 08/31/2026 53,178.93 380.01 52,798.92 38,403.71 178 09/30/2026 38,563.73 160.02 38,403.71 0.00 2026 Totals 463,995.17 9,283.78 454,711.39	169	12/31/2025	53,178.93	2,107.43	51,071.50	454,711.39
171 02/28/2026 53,178.93 1,680.95 51,497.98 351,929.11 172 03/31/2026 53,178.93 1,466.37 51,712.56 300,216.55 173 04/30/2026 53,178.93 1,250.90 51,928.03 248,288.52 174 05/31/2026 53,178.93 1,034.54 52,144.39 196,144.13 175 06/30/2026 53,178.93 817.27 52,361.66 143,782.47 176 07/31/2026 53,178.93 599.09 52,579.84 91,202.63 177 08/31/2026 53,178.93 380.01 52,798.92 38,403.71 178 09/30/2026 38,563.73 160.02 38,403.71 0.00 2026 Totals 463,995.17 9,283.78 454,711.39	2025 To	tals	638,147.16	39,083.87	599,063.29	
171 02/28/2026 53,178.93 1,680.95 51,497.98 351,929.11 172 03/31/2026 53,178.93 1,466.37 51,712.56 300,216.55 173 04/30/2026 53,178.93 1,250.90 51,928.03 248,288.52 174 05/31/2026 53,178.93 1,034.54 52,144.39 196,144.13 175 06/30/2026 53,178.93 817.27 52,361.66 143,782.47 176 07/31/2026 53,178.93 599.09 52,579.84 91,202.63 177 08/31/2026 53,178.93 380.01 52,798.92 38,403.71 178 09/30/2026 38,563.73 160.02 38,403.71 0.00 2026 Totals 463,995.17 9,283.78 454,711.39						
172 03/31/2026 53,178.93 1,466.37 51,712.56 300,216.55 173 04/30/2026 53,178.93 1,250.90 51,928.03 248,288.52 174 05/31/2026 53,178.93 1,034.54 52,144.39 196,144.13 175 06/30/2026 53,178.93 817.27 52,361.66 143,782.47 176 07/31/2026 53,178.93 599.09 52,579.84 91,202.63 177 08/31/2026 53,178.93 380.01 52,798.92 38,403.71 178 09/30/2026 38,563.73 160.02 38,403.71 0.00 2026 Totals 463,995.17 9,283.78 454,711.39	170	01/31/2026	53,178.93	1,894.63	51,284.30	403,427.09
173 04/30/2026 53,178.93 1,250.90 51,928.03 248,288.52 174 05/31/2026 53,178.93 1,034.54 52,144.39 196,144.13 175 06/30/2026 53,178.93 817.27 52,361.66 143,782.47 176 07/31/2026 53,178.93 599.09 52,579.84 91,202.63 177 08/31/2026 53,178.93 380.01 52,798.92 38,403.71 178 09/30/2026 38,563.73 160.02 38,403.71 0.00 2026 Totals 463,995.17 9,283.78 454,711.39	171	02/28/2026		1,680.95	51,497.98	351,929.11
174 05/31/2026 53,178.93 1,034.54 52,144.39 196,144.13 175 06/30/2026 53,178.93 817.27 52,361.66 143,782.47 176 07/31/2026 53,178.93 599.09 52,579.84 91,202.63 177 08/31/2026 53,178.93 380.01 52,798.92 38,403.71 178 09/30/2026 38,563.73 160.02 38,403.71 0.00 2026 Totals 463,995.17 9,283.78 454,711.39	172	03/31/2026	53,178.93	1,466.37	51,712.56	300,216.55
175 06/30/2026 53,178.93 817.27 52,361.66 143,782.47 176 07/31/2026 53,178.93 599.09 52,579.84 91,202.63 177 08/31/2026 53,178.93 380.01 52,798.92 38,403.71 178 09/30/2026 38,563.73 160.02 38,403.71 0.00 2026 Totals 463,995.17 9,283.78 454,711.39	173	04/30/2026	53,178.93	1,250.90	51,928.03	248,288.52
176 07/31/2026 53,178.93 599.09 52,579.84 91,202.63 177 08/31/2026 53,178.93 380.01 52,798.92 38,403.71 178 09/30/2026 38,563.73 160.02 38,403.71 0.00 2026 Totals 463,995.17 9,283.78 454,711.39	174	05/31/2026		1,034.54	52,144.39	196,144.13
177 08/31/2026 53,178.93 380.01 52,798.92 38,403.71 178 09/30/2026 38,563.73 160.02 38,403.71 0.00 2026 Totals 463,995.17 9,283.78 454,711.39	175	06/30/2026	53,178.93	817.27	52,361.66	143,782.47
178 09/30/2026 38,563.73 160.02 38,403.71 0.00 2026 Totals 463,995.17 9,283.78 454,711.39	176	07/31/2026	53,178.93	599.09	52,579.84	91,202.63
2026 Totals 463,995.17 9,283.78 454,711.39	177	08/31/2026	53,178.93	380.01	52,798.92	38,403.71
	178	09/30/2026	38,563.73	160.02	38,403.71	0.00
Grand Totals 9.451.234.34 2.783.875.19 6.667.359.15	2026 To	tals	463,995.17	9,283.78	454,711.39	
Grand Totals 9.451.234.34 2.783.875.19 6.667.359.15						
	Grand T	otals	9,451,234.34	2,783,875.19	6,667,359.15	

Appendix 2, Attachment 4

Allband Communication Cooperative

RUS Loan Promissory Note

Instrument Liber Page 2006000000309 DR 427 394

PROMISSORY NOTE

Michigan 570 – All Allband Curran, Michigan

THIS PROMISSORY NOTE (hereinafter the "Note,") dated as of October 19, 2005, is made by ALLBAND COMMUNICATIONS COOPERATIVE (hereinafter the "Borrower,") a cooperative duly organized and existing under the laws of the State of Michigan, and the UNITED STATES OF AMERICA, (hereinafter the "Government,") acting through the Administrator of the Rural Utilities Service. For value received, the Borrower promises to pay to the order of the Government, at the United States Treasury, Washington, D.C., Eight Million Sixty-Seven Thousand Dollars (\$8,067,000), with interest payable, from the date of each advance, on the amount advanced by the Government (hereinafter the "Advance,") pursuant to a certain Loan Agreement, dated as of the same date as this Note (hereinafter the "Loan Agreement,") made by and between the Borrower and the Government, and remaining unpaid from time to time, in the time and manner herein provided:

- 1. Interest Rate. Interest on each Advance shall be at the rate of five per cent (5%) per annum.
- 2. Maturity Date. On a date twenty one (21) years after the date hereof, the principal hereof advanced pursuant to the Loan Agreement and remaining unpaid, if any, and interest thereon, shall be due and payable (hereinafter the "Maturity Date.")
- 3. Fund Advance Period. Funds will be advanced pursuant to the Loan Agreement. The fund advance period for this Note begins on the date hereof and terminates five (5) years from the date of this Note (hereinafter the "Termination Date.") No funds will be advanced subsequent to the Termination Date unless the Administrator extends the fund advance period in accordance with the Loan Agreement.
- 4. Payments on Advances.
 - (a) Made Within Two (2) Years. Interest on Advances made during the first two (2) years from the date of the first Advance hereunder, and remaining unpaid, shall be payable on the last day of each month (hereinafter the "Monthly Payment Date,") beginning on the last day of the month following the month of each Advance for the period ending two (2) years from the date of the first Advance hereunder. Thereafter, to and including the Maturity Date, the Borrower shall make a payment every Monthly Payment Date on each Advance which shall be: (i) substantially equal to all subsequent monthly payments and (ii) in an amount that will pay all principal and interest due on each Advance no later than the Maturity Date.

- (b) Made After Two (2) Years. Interest and principal payments on Advances made more than two (2) years after the date of the first Advance hereunder shall be repaid in installments beginning with the Monthly Payment Date of the month following each Advance and ending on the Maturity Date. The first such payment on an Advance shall be increased by the amount of interest accruing between the date of the Advance and the first day of the next month. Thereafter, to and including the Maturity Date, the Borrower shall make a payment every Monthly Payment Date on each such Advance (i) substantially equal to every other monthly payment on such Advance, and (ii) in an amount that will pay all principal and interest of such Advance no later than the Maturity Date. This payment shall be in addition to the payment on the Advances made within two (2) years from the date of the first Advance hereunder and remaining unpaid.
- 5. Application of Payments. Each payment made on this Note shall be applied as follows: First, to expenses, costs, and penalties; Second, to late charges; Third, to the payment of interest on principal; and Fourth, to principal.
- 6. Prepayment. All, or a portion of the outstanding balance, of any Advance may be prepaid on any payment date, as herein provided. However, so long as any of the principal advanced pursuant to the Loan Agreement shall remain unpaid, the Borrower shall be obligated to make the monthly payment on account of principal and interest, in the amount provided herein, unless the Borrower and the Government shall otherwise agree, in writing.
- 7. Late Payments. A late charge shall be charged on any payment not made within five (5) days of the date the payment becomes due. The late charge rate shall be computed on the payment from the due date at a rate equal to the rate of the cost of funds to the United States Treasury as prescribed and published by the Secretary of the Treasury. In addition, the Borrower shall pay administrative costs and penalty charges assessed in accordance with applicable Government regulations. Acceptance by the Government of a late payment shall not be deemed to be a waiver of any right or remedy of the Government.
- 8. Security. This Note is secured by a security interest in collateral described in the Mortgage, Security Agreement and Financing Statement, dated as of the same date as this Note made by and between the Borrower and the Government (such mortgage, as amended, supplemented, consolidated or restated from time to time, hereinafter called the "Mortgage.") Rights and obligations with respect to the collateral are stated in the Mortgage.
- 9. Noteholder. This Note evidences indebtedness created by a loan made under the Rural Electrification Act (7 U.S.C. § 901 et seq.). The Government shall be, and shall have all rights as, holder of this Note. If the Government shall at any time assign this Note and insure the payment hereof, the Borrower shall continue to make payments hereunder to the Government as collection agent for the insured holder, and for purposes of the Mortgage, the Government, and not such insured holder, shall be considered to be, and shall have the rights of, the noteholder.

- 10. Default. In an event of default, as provided in the Loan Agreement and/or Mortgage, all principal advanced pursuant to the Loan Agreement and remaining unpaid on this Note, and all interest thereon may be declared or may become due and payable in the manner and with the effect provided in the Loan Agreement and/or Mortgage.
- 11. Costs. The Borrower shall pay any and all costs and expenses incurred in connection with the exercise of rights or the enforcement of remedies, as set forth in the Loan Agreement and/or Mortgage.
- 12. Waivers. The Borrower waives demand, presentment for payment, notice of non-payment, notice of dishonor, protest, and notice of non-payment of this Note.
- 13. Obligations. The obligations of the Borrower hereunder are absolute and unconditional, irrespective of any defense or any right to set off, recoupment, or counterclaim it might otherwise have against the Government.

IN WITNESS WHEREOF, the Borrower has caused this Note to be signed in its corporate or legal name and its corporate seal, if any, to be hereunto affixed and attested by its officers thereunto duly authorized, all as of the day and year first above written.

1 M. S. d

ALLBAND COMMUNICATIONS COOPERATIVE

Name.

litle: PRESIDENT

(SEAL)

Attested to by

Appendix 2, Attachment 5

Allband Communication Cooperative

RUS Loan Agreement

RUS Project Designation:

Michigan 570 -A11 Allband

LOAN AGREEMENT

dated as of October 19, 2005

between

ALLBAND COMMUNICATIONS COOPERATIVE

and

THE UNITED STATES OF AMERICA

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE

LOAN AGREEMENT

THIS LOAN AGREEMENT (the "Agreement,") dated as of October 19, 2005, is between ALLBAND COMMUNICATIONS COOPERATIVE (hereinafter the "Borrower,") a cooperative organized and existing under the laws of Michigan, and the UNITED STATES OF AMERICA, (hereinafter

the "Government") acting through the Administrator of the Rural Utilities Service ("RUS.")

The Borrower has applied to RUS, requesting financial assistance (hereinafter the "Application") to provide telecommunications and/or broadband services in rural areas.

RUS is willing to extend financial assistance, in the form of loans or loan guarantees to the Borrower, pursuant to the Rural Electrification Act of 1936 (7 U.S.C. 901 et seq.)(the "Act,") and all applicable federal regulations, on the terms and conditions stated herein.

THEREFORE, in consideration of the promises and mutual covenants herein contained, the parties agree and bind themselves as follows:

ARTICLE I – DEFINITIONS

The terms defined herein include both the plural and the singular. Unless otherwise specifically provided, all accounting terms not otherwise defined herein shall have the meanings assigned to them, and all determinations and computations herein provided for shall be made in accordance with Accounting Requirements.

"Accounting Requirements" shall mean the system of accounting prescribed by RUS in RUS Regulations.

"Advance" or "Advances" shall mean an advance or advances made or approved by RUS under its respective Note(s).

"Affiliate" or "Affiliated Company" of any specified person or entity means any other person or entity directly or indirectly controlling of, controlled by, under direct or indirect common control with, or related to, such specified person or entity. For the purpose of this definition, "control" of any specified person or entity means the power to direct the management and policies of such specified person or entity, directly or indirectly, whether through the ownership of stock, by contract, or otherwise.

"Application" shall have the meaning as defined above in the second paragraph hereof.

"Broadband Loan" shall mean the broadband loan described in Section 3.1.

"Broadband Loan Expiration Date" shall have the meaning as defined in Paragraph (a)(ii) of Section 3.1.

"Business Day" shall mean any day that RUS and the Department of Treasury are both open for business.

"Construction Fund Account" shall have the meaning as defined in Paragraph (d) of Section 5.4.

"Distributions" shall have the meaning as defined in Section 6.9.

"Event of Default" shall have the meaning as defined in Article VIII.

"Interest Expense" shall have the meaning as defined in Attachment 3.

"Laws" shall have the meaning as defined in paragraph (e) of Article II.

"Loan(s)" shall mean, collectively, the loans described in Section 3.1.

"Loan Documents" shall mean, collectively, this Agreement, Security Documents, and the Note(s).

"Material Adverse Effect" shall mean a material adverse effect on, or change in, the condition, financial or otherwise, operations, properties, business or prospects of the Borrower or on the ability of the Borrower to perform its obligations under the Loan Documents as determined by RUS.

"Net Income" or "Net Margins" shall have the meaning as defined in Attachment 3.

"Net Worth" shall have the meaning as defined in Attachment 3.

"Note(s)" shall have the meaning as defined in Paragraph (a) of Section 3.2.

"Permitted Encumbrances" shall have the meaning as defined in the Security Documents.

"Pledged Deposit Account" shall have the meaning as defined in Section 5.4.

"Prior Telephone Loan Contracts" shall mean all telephone loan agreements previously entered into by RUS and the Borrower.

"Project" shall have the meaning as defined in Paragraph (a) of Section 3.4.

"RUS Regulations" shall mean the rules, regulations and bulletins of general applicability published by RUS from time to time, as such rules, regulations and bulletins exist at the date of applicability thereof, and shall also include any rule and regulations of other Federal entities which RUS is required by law to implement. Any reference to specific RUS Regulations shall mean the version of and cite to such regulation effective at the date of applicability thereof.

"Security Documents" shall mean, collectively, any mortgage, security agreement, financing statement, deposit account control agreement or other document providing collateral for the Loan(s).

"Subsidiaries" shall mean the subsidiaries listed in Schedule 1.

"Telecommunications Loan" shall mean the telecommunications loan described in Section 3.1.

"Telecommunications Loan Expiration Date" shall have the meaning as defined in Paragraph (b)(ii) of Section 3.1.

"Telecommunications Loan Guarantee" shall mean the telecommunications loan guarantee described in Section 3.1.

"TIER" shall mean the Borrower's total Net Income or Net Margins plus Interest Expense payable for such year divided by Interest Expense payable for such year, as determined in Schedule 1 hereto.

"TIER Commencement Date" shall have the meaning as defined in Section 5.12.

"Total Assets" shall have the meaning as defined in Attachment 3.

ARTICLE II - REPRESENTATIONS AND WARRANTIES

Recognizing that RUS is relying hereon, the Borrower represents and warrants, as of the date of this Agreement, the following:

- (a) Organization; Power, Etc The Borrower: (i) is the type of organization specified in the first paragraph hereof, duly organized, validly existing, and in good standing under the laws of the State identified in the first paragraph hereof; (ii) is duly qualified to do business and is in good standing in each jurisdiction in which the transaction of its business make such qualification necessary; (iii) has legal power to own and operate its assets and to carry on its business and to enter into and perform its obligations under the Loan Documents; (iv) has duly and lawfully obtained and maintained all material licenses, certificates, permits, authorizations, and approvals necessary to conduct its business or required by applicable Laws; and (v) is eligible to obtain the financial assistance from RUS contemplated by this Agreement.
- (b) Authority. The execution, delivery and performance by the Borrower of this Agreement and the other Loan Documents and the performance of the transactions contemplated hereby and thereby have been duly authorized by all necessary actions and do not violate any provision of law or any charter, articles of incorporation, organization documents or bylaws of the Borrower or result in a breach of, or constitute a default under, any agreement, security agreement, note or other instrument to which the Borrower is a party or by which it may be bound. The Borrower has not received any notice from any other party to any of the foregoing that a default has occurred or that any event or condition exists that with the giving of notice or lapse of time or both would constitute such a default.
- (c) Consents. No consent, approval, authorization, order, filing, qualification, license, or permit of any governmental authority is necessary in connection with the execution, delivery, performance, or enforcement of the Loan Documents, except such as have been obtained and are in full force and effect.
- (d) Binding Agreement. Each of the Loan Documents is, or when executed and delivered will be, the legal, valid, and binding obligation of the Borrower, enforceable in accordance with its terms, subject only to limitations on enforceability imposed in equity or by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally.
- (e) Compliance with Laws. The Borrower is in compliance in all material respects with all federal, state and local laws, rules, regulations, ordinances, codes and orders (collectively, "Laws.")
- (f) Litigation. There are no pending or threatened legal, arbitration or governmental actions or proceedings to which the Borrower is a party or to which any of its property is subject which, if adversely determined, could have a Material Adverse Effect.
- (g) Information Submitted with Application. All information, reports, and other documents and data submitted to RUS in connection with the Application were, at the time the same were furnished, complete, and correct in all material respects. Any financial statements or data submitted to RUS in connection with the Application present fairly, in all material respects, the financial position of the Borrower and the results of its operations in conformity with Accounting Requirements. Since the date thereof, there has been no material adverse change in the financial condition or operations of the Borrower.

- (h) Location of Properties. All real property and interests therein of the Borrower are located in the states, counties, or parishes identified in the Security Documents.
- (i) Principal Place of Business. The principal place of business and chief executive office of the Borrower is at the address of the Borrower specified in Schedule 1 hereto.
- (j) Organization Number. The Borrower's organization number is correctly identified in Schedule 1 hereto.
- (k) Subsidiaries and Parent. Any subsidiaries or parent of the Borrower are disclosed on the attached Schedule 1.
- (l) Defaults Under Other Agreements. No default by the Borrower has occurred under any agreement or instrument to which the Borrower is a party, or to which any of its property is subject, that could have a Material Adverse Effect.
- (m) Title to Property. Except as disclosed in writing in the opinion of counsel, the Borrower holds good and marketable title to all of the collateral securing the Loan(s), free and clear of any liens, security interests, or other encumbrances except for Permitted Encumbrances.

ARTICLE III - THE LOANS

Section 3.1 Loans

- (a) Broadband Loan. RUS agrees to make and the Borrower agrees to accept, on the terms and conditions stated in this Agreement, a Broadband Loan, in the amount specified in Schedule 1 hereto.
 - (i) Interest Rate. The portion of the Broadband Loan specified in Schedule 1 hereto will bear interest at the comparable Treasury rate for comparable maturities, as determined by RUS, and the portion of the Loan specified in Schedule 1 hereto will bear interest at the rate of four percent (4%) per annum.
 - (ii) Broadband Loan Expiration Date. The obligation of RUS to advance the Broadband Loan or any portion thereof shall expire on a date ("Broadband Loan Expiration Date") five years from the date of the Note(s). No portion of the Broadband Loan will be advanced by RUS to the Borrower after the Broadband Loan Expiration Date. RUS, in its sole discretion, may approve an extension of the Broadband Loan Expiration Date, provided that the Borrower notifies RUS, in writing at least ten days prior to the Broadband Loan Expiration Date, of the reasons and need for an extension, together with a suggested revised Broadband Loan Expiration Date.
- (b) Telecommunications Loan. RUS agrees to make and the Borrower agrees to accept, on the terms and conditions stated in this Agreement, a Telecommunications Loan, in the amount specified in Schedule 1 hereto.
 - (i) Interest Rate. The portion of the Telecommunications Loan specified in Schedule 1 hereto will bear interest at the Cost-of-Money Interest Rate determined by the Government pursuant to 7 U.S.C. 935(d)(2)(A) of the Act and its implementing regulations, as amended from time to time (7)

C.F.R. 1735.31(c)) and the portion of the Telecommunications Loan specified in Schedule 1 hereto will bear interest at the rate of five percent (5%) per annum.

- (ii) Telecommunications Loan Expiration Date. The obligation of RUS to advance the Telecommunications Loan or any portion thereof shall expire on a date ("Telecommunications Loan Expiration Date") five (5) years from the date of the Note(s). No portion of the Telecommunications Loan will be advanced by RUS to the Borrower after the Telecommunications Loan Expiration Date. RUS, in its sole discretion, may approve an extension of the Telecommunications Loan Expiration Date, provided that the Borrower notifies RUS, in writing at least ten (10) days prior to the Telecommunications Loan Expiration Date, of the reasons and need for an extension, together with a suggested revised Telecommunications Loan Expiration Date.
- (c) Telecommunications Loan Guarantee. RUS agrees to guarantee the loan identified in Schedule 1 hereto and the Borrower agrees to accept such guarantee, on the terms and conditions stated in this Agreement.
 - (i) Interest Rate. Each Advance of funds subject to the Telecommunications Loan Guarantee shall bear interest at the rate established by FFB at the time such Advance is made on the basis of the determination made by the Secretary of the Treasury pursuant to 12 U.S.C. 2285(b) of the Federal Financing Bank Act of 1973, as amended.
 - (ii) Telecommunications Loan Guarantee Expiration Date. The obligation of RUS to approve requests for Advances made under the Telecommunications Loan Guarantee or any portion thereof shall expire on the Last Advance Date as specified in the applicable guaranteed Note.

Section 3.2 Loan Documents

- (a) The debt created by the Loan(s) will be evidenced by a note(s) ("Note(s)") executed by the Borrower and payable, as applicable, to the United States of America or, in the case of a loan guarantee, to the guaranteed lender. The Borrower shall repay the Loan(s) in accordance with the Note(s) which shall be payable and bear interest in accordance with its (their) terms.
- (b) The Borrower shall execute the Security Documents covering all of the Borrower's property, in form and substance satisfactory to RUS and such other security instruments as required by RUS.

Section 3.3 Payment

Except as otherwise prescribed by RUS, if any, the Borrower shall make all payments on the Note(s) utilizing electronic funds transfer procedures as specified by RUS.

Section 3.4 Project

(a) Loan Purpose. The Loan has been made solely to finance the project specifically described in the Application to furnish or improve telecommunications and/or broadband services in rural areas (the "Project.")

(b) Changes to Project. The Borrower shall obtain the prior written approval of RUS regarding any material change to the scope, loan design, construction, delivery of services, or objectives of the Project.

ARTICLE IV - CONDITIONS OF LENDING

Section 4.1 General Conditions

In connection with the execution and delivery of this Agreement, each of the following conditions shall be satisfied (all documents, certificates, and other evidence of such conditions are to be satisfactory to RUS in its discretion):

- (a) Legal Matters. All legal matters incident to the consummation of the transactions hereby contemplated shall be satisfactory to counsel for RUS;
- (b) Loan Documents. RUS shall receive duly executed originals of the Loan Documents;
- (c) Filed and Recorded Security Documents. RUS shall have received the following documents securing the Loan(s): (i) executed, filed, and indexed financing statements covering all of the personal property and fixtures of the Borrower and (ii) executed, filed, and recorded counterparts of a mortgage covering all of the Borrower's real property;
- (d) Articles of Incorporation, Charter, Bylaws, and Organizational Documents. With respect to corporate and cooperative Borrowers, RUS shall have received copies of the Borrower's articles of incorporation, charter, and bylaws. With respect to limited liability companies or similar organizations, RUS shall have received copies of the Borrower's organizational documents containing provisions reflecting the obligations of the Borrower in paragraphs (c) and (d) of Section 6.3.
- (e) Authorizations. RUS shall have received satisfactory evidence that all Loan Documents and proceedings of the Borrower necessary for duly authorizing the execution, delivery, and performance of the Loan Documents have been obtained and are in full force and effect;
- (f) Approvals. RUS shall have received satisfactory evidence that the Borrower has duly registered as required by law with all state, federal, and other public authorities and regulatory bodies and has obtained all authorizations, certificates, permits, licenses, franchises and approvals necessary for, or required as a condition of, the validity and enforceability of each of the Loan Documents and for the construction and operation of the Project;
- (g) Title Evidence. RUS shall have received satisfactory evidence that the Borrower has good and marketable title to its property, including the Project, and holds such franchises, permits, leases, easements, rights, privileges, licenses, or right-of-way instruments, reasonably adequate in form and substance, as may be required by law for the continued maintenance and operation of its existing facilities and the Project;
- (h) Tariff Evidence. RUS shall receive evidence from each Borrower with rates imposed by tariff, that it has duly adopted a tariff, which (1) will provide for such grades of telephone service as RUS may approve, (2) does not include mileage or zone charges on any telephone service provided by the Project, and (3) is designed with a view to (i) paying and discharging all taxes, maintenance expenses, and operating expenses of the Borrower's system, (ii) making all payments in respect of principal and interest on the Note(s) when and as the same shall become due, (iii)

providing and maintaining reasonable working capital of the Borrower, and (iv) producing and maintaining the TIER, specified in Schedule 1 hereto;

- (i) Broadband Rate Evidence. For Broadband loans, RUS shall receive evidence that the Borrower has duly adopted rates which are designed with a view to (i) paying and discharging all taxes, maintenance expenses, and operating expenses of the Borrower's system, (ii) making all payments in respect of principal and interest on the Note(s) when and as the same shall become due, (iii) providing and maintaining reasonable working capital of the Borrower, and (iv) producing and maintaining the TIER, specified in Schedule 1 hereto.
- (j) Opinion of Counsel. RUS shall receive an opinion of counsel for the Borrower (who shall be acceptable to RUS) in form and content acceptable to RUS;

Section 4.2 Conditions to Advances

The obligations of RUS to make any Advances under its Loan(s) or approve any requests for Advances under its Loan Guarantee(s) are subject to the satisfaction of each of the following conditions precedent on or before the date of such Advance (all documents, certificates and other evidence of such conditions precedent are to be satisfactory to RUS in its discretion):

- (a) Continuing Representations and Warranties. That the representations and warranties of the Borrower contained in this Agreement be true and correct on and as of the date of such Advance as though made on and as of such date;
- (b) Material Adverse Effect. That no event has occurred which has had or could have a Material Adverse Effect;
- (c) Event of Default. That no Event of Default and no event which with the passage of time or giving of notice, or both, would constitute an Event of Default shall have occurred and be continuing, or shall have occurred after giving effect to such Advance on the books of the Borrower;
- (d) Requisitions and Supporting Documentation
 - (1) Broadband Loans. That RUS shall have received a requisition for Broadband loan funds, not more frequently than once a month, and supporting documentation from the Borrower in accordance with Rural Utilities Service RUS Bulletin 1738-2, Rural Broadband Access Loan and Loan Guarantee Advance and Construction Procedures Guide, as amended and supplemented from time to time (hereinafter "RUS Bulletin 1738-2,") attached hereto as Attachment 1 or available at http://www.usda.gov/rus/telecom/broadband/rus-bulletin-1738-web2-6-03.doc;
 - (2) Telecommunications Loan and Loan Guarantee. That RUS shall have received a requisition for Telecommunications Loan funds and Loan Guarantee funds not more frequently than once a month, and supporting documentation from the Borrower in accordance with RUS Regulations;
- (e) Flood Insurance. That for any Advance used in whole or in part to finance the construction or acquisition of any building in any area identified by the Secretary of Housing and Urban Development pursuant to the Flood Disaster Protection Act of 1973 (the "Flood Insurance Act") or any rules, regulations or orders issued to implement the Flood Insurance Act as any area having special flood hazards, or to finance any facilities or materials to be located in any such building, or in any

building owned or occupied by the Borrower and located in such a flood hazard area, the Borrower shall have submitted evidence, in form and substance satisfactory to RUS or RUS has otherwise determined, that (i) the community in which such area is located is then participating in the national flood insurance program, as required by the Flood Insurance Act and any related regulations, and (ii) the Borrower has obtained flood insurance coverage with respect to such building and contents as may then be required pursuant to the Flood Insurance Act and any related regulations;

- (f) Current Financial Information and Certification of Authority. That RUS has received from the Borrower (i) its current, updated balance sheet, statement of cash flow, and income statement and (ii) a duly authorized and executed certification, Form 675, "Certification of Authority," designating an officer, employee, or agent of the Borrower as the person or persons authorized to execute and submit, on behalf of the Borrower, REA Form 481, "Financial Requirement Statement;"
- (g) Fidelity Bond or Theft Insurance Coverage. That RUS has received from the Borrower, except Borrowers which are units of government, evidence, that the Borrower has obtained fidelity bond or theft insurance coverage in accordance with RUS Regulations;
- (h) Pledged Deposit Account. That, in connection with Broadband Loans (or with respect to Telecommunications Loans and Loan Guarantees when required on Schedule 1, or otherwise directed in writing by RUS), the Borrower has opened a Pledged Deposit Account under terms satisfactory to RUS;
- (i) Compliance with Deposit Requirements for Broadband Loans. That, in connection with Broadband Loans, RUS has received from the Borrower, evidence that the Borrower has maintained on deposit in account, funds in the amount specified in Schedule 1 to cover operating expenses, in accordance with 7 C.F.R. Section 1738.20(b), and has provided RUS with an advance schedule for such funds;
- (j) Compliance with Loan Documents. That the Borrower is in material compliance with the Loan Documents;
- (k) RUS Loan Guarantee Requirements. In connection with the Telecommunications
 Loan Guarantee:
 - (1) That RUS and the FFB have entered into a contract and that the FFB has agreed to make the loan to the Borrower, which will be guaranteed by RUS;
 - (2) That RUS has received evidence that any conditions in the contract referred to above in subparagraph (1) have been satisfied; and
 - (3) That RUS has received a promissory note payable to FFB in the amount to be guaranteed by RUS and a reimbursement note payable to the order of the Government, both duly authorized, executed and delivered by the Borrower, within the time period prescribed by RUS;
- (1) Additional Documents. The Borrower agrees to provide RUS with such additional documents as RUS may request; and
- (m) Additional Conditions. The Borrower has met all additional conditions specified in Schedule 1 hereto.

Section 4.3 First Advance to Pay Off Interim Construction Financing; Restrictions on Subsequent Advances

Loan funds to pay off RUS approved interim construction financing, if any, will be included in the first loan advance. Thereafter no further advances will be made unless and until the Borro wer has furnished evidence, in form and content satisfactory to RUS, that such interim construction financing has been paid in full and any associated liens have been duly discharged from record.

ARTICLE V - AFFIRMATIVE COVENANTS

Section 5.1 Generally

Unless otherwise agreed to in writing by RUS, while this Agreement is in effect, the Borrower shall duly observe each of the affirmative covenants contained in this Article V.

Section 5.2 Use of Advances

The Borrower shall apply the proceeds of Advances in accordance with its Application with such modifications as may be mutually agreed to in writing by RUS and the Borrower.

Section 5.3 <u>Unused and Disallowed Advances</u>

- (a) The Borrower shall return forthwith to RUS any and all advanced portions of the Loan(s) or Loan Guarantee(s) not disbursed by the Borrower for the Project or not needed to complete the Project with any interest earned thereon when deposited in the Pledged Deposit Account or other account approved by RUS.
- (b) The Borrower shall reimburse RUS for any advanced funds whose original expenditure has been disallowed by a RUS loan audit. Disallowances shall be satisfied, as directed by RUS, by either administrative offset against requests for Advances or repaying the disallowed amount directly to the United States Treasury. Such disallowed amounts shall accrue interest payable to RUS from the date RUS delivers to the Borrower a written demand for payment. Interest shall accrue at the lesser of the following: the interest rate of the disallowed Advance or the then current United States Treasury rate as prescribed by the Secretary of the Treasury in the Federal Register and the Treasury Fiscal Requirements Manual Bulletin. Closeout of the Loan will not affect such right to disallow expenditures and recover, in full, any amount on the basis of a subsequent audit, or other review or the Borrower's obligation to return any disallowed expenditures.

Section 5.4 Deposit of Advances into Pledged Deposit Account and Construction Fund Account

(a) Broadband Loans. The Borrower of Broadband Loans shall open and maintain a deposit account pledged to RUS ("Pledged Deposit Account,") in a bank or depository whose deposits are insured by the Federal Deposit Insurance Corporation or other federal agency acceptable to RUS and shall be designated by the RUS name of the Borrower followed by the words "Pledged Deposit Account." The Borrower shall promptly deposit proceeds from all Advances of the Broadband Loan, including previously advanced funds whose original expenditure has been disallowed by a RUS loan audit, and other funds described on Schedule 1 hereto (hereinafter "Additional Funds") into the Pledged Deposit Account. Moneys in the Pledged Deposit Account shall be used solely for the purposes for which the Advance was made, for the purposes as set forth in Schedule 1 hereto (hereinafter "Additional Purposes,") or for such other purposes as may be approved by RUS. Deposits and disbursements from the Pledged Deposit Account shall be made and recorded in accordance with Attachment 1 hereto, RUS Bulletin 1738-2, as amended and supplemented from time to time.

- (b) Telecommunications Loans and Loan Guarantees and Bank Loans. The Borrower of Telecommunications Loans and/or Loan Guarantees, when required on Schedule 1 or otherwise directed in writing by RUS, shall open and maintain a deposit account pledged to RUS for Telecommunications Loans and Loan Guarantees. Such account shall be in a bank or depository whose deposits are insured by the Federal Deposit Insurance Corporation or other federal agency acceptable to RUS, and shall be designated by the corporate name of the Borrower followed by the words "Pledged Deposit Account." The Borrower shall promptly deposit proceeds from Loan Advances, including previously advanced funds whose original expenditure has been disallowed by a RUS loan fund audit, and any Additional Funds into the Pledged Deposit Account. Moneys in the Pledged Deposit Account shall be used solely for the purposes approved by RUS or other Additional Purposes and shall be withdrawn from time to time only as permitted by RUS.
- (c) First Lien on Pledged Deposit Account. The Borrower shall establish and maintain the Pledged Deposit Account as a deposit account and perfect a first and prior lien in such account for RUS, (pursuant to a deposit account agreement or similar agreement or mechanism for perfecting as provided by applicable law) in form acceptable to RUS.
- (d) Construction Fund Account. The Borrower shall promptly deposit Loan Advances not required to be deposited in a Pledged Deposit Account, including previously advanced Loan funds whose original expenditure has been disallowed by a RUS loan fund audit, in a bank or depository whose deposits are insured by the Federal Deposit Insurance Corporation or other federal agency acceptable to RUS. Such account (hereinafter called the Construction Fund Account) shall be designated by the corporate name of the Borrower followed by the words "Construction Fund Account." Moneys in the Construction Fund Account shall be used solely for the purposes approved by RUS and shall be withdrawn from time to time only as permitted by RUS.

Section 5.5 Use of Operating Funds Required in Connection with Broadband Loans

The Borrower shall expend the operating funds required by 7 C.F.R. Section 1738.20(b), as approved by RUS.

Section 5.6 Financial Books

The Borrower shall maintain, at its premises, such books, documents, papers, or other records and supporting documents, including, but not limited to, invoices, receipts, and bills of sale, adequate to identify the purposes for which and the manner in which Loan and other funds were expended on the Project. The Borrower shall at all times keep and safely preserve proper books, records, and accounts in which full and true entries shall be made of all dealings, business, and affairs of the Borrower and its Subsidiaries (as listed in Schedule 1 hereto,) in accordance with any applicable Accounting Requirements. The Borrower shall maintain copies of all documents submitted to RUS in connection with the Loan until the Loan has been paid in full and all audits have been completed.

Section 5.7 Rights of Inspection

The Borrower shall afford RUS, the Office of Inspector General of USDA and the General Accounting Office, through their representatives, reasonable opportunity, at all times during business hours and upon prior notice, to access and inspect the Project, any other property encumbered by the Security Documents, and any and all books, records, accounts, including electronic books, records, accounts, and electronic mail messages, regardless of the physical form or characteristics, invoices, contracts, leases, payrolls, canceled checks, statements, other documents, and papers of every kind belonging to or in any

way pertaining to its property or business, including its Subsidiaries, if any, and to make copies or extracts therefrom.

Section 5.8 Annual and Special Financial Reports

- (a) One hundred twenty (120) days from the end of the Borrower's fiscal year in which the first Advance is made and, thereafter, one hundred twenty (120) days from the close of each fiscal year of the Borrower, the Borrower shall cause to be prepared and furnished to RUS a full and complete annual report of its financial condition and of its operations in form and substance satisfactory to RUS, and as provided in 7 C.F.R. 1773, which is audited and certified by an independent certified public accountant satisfactory to RUS, and accompanied by a report of such audit in form and substance satisfactory to RUS.
- (b) The Borrower shall also furnish to RUS fifteen (15) Business Days after March 31st of each year, and on such additional date(s) as specified in Schedule 1 (hereinafter "Additional Reporting Dates,") or as otherwise requested in writing by RUS, balance sheets, income statements, statements of cash flow, or such other reports concerning the financial condition or operations of the Borrower, including its Subsidiaries, as RUS may request or RUS Regulations require.

Section 5.9 Annual Compliance Certificate

Commencing forty-five (45) days from the date hereof, and thereafter within forty-five (45) days after the close of each calendar year, or sooner if required in writing by RUS, the Borrower shall deliver to RUS, a written statement signed by its general manager, managing member, or equivalent corporate official satisfactory to RUS, stating that, during such year the Borrower has fulfilled its obligations under the Loan Documents in all material respects or, if there has been a material default in the fulfillment of such obligations, specifying each such default known to such official and the nature and status thereof.

Section 5.10 Miscellaneous Reports and Notices

The Borrower shall furnish to RUS:

- (a) Notice of Default. Promptly after becoming aware thereof, notice of the occurrence of any default under the Loan Documents or the receipt of any notice with respect to the occurrence of any event which with the giving of notice or the passage of time, or both, could become an Event of Default hereunder or under the other Loan Documents.
- (b) Notice of Litigation. Promptly after the commencement thereof, notice of the commencement of all actions, suits or proceedings before any court, arbitrator, or governmental department, commission, board, bureau, agency, or instrumentality affecting the Borrower or any Affiliate which, if adversely determined, could have a Material Adverse Effect on the Borrower.
- (c) Regulatory and Other Notices. Promptly after receipt thereof, copies of any notices or other communications received from any governmental authority with respect to any matter or proceeding which could have a Material Adverse Effect on the Borrower.
- (d) Material Adverse Effect. Promptly after becoming aware thereof, notice of any matter which has resulted or may result in a Material Adverse Effect on the Borrower.

- (e) Corporate Document Changes. Thirty (30) days prior to their effectiveness, any amendments, supplements or modifications to the Borrower's Articles of Incorporation, Charter, Bylaws, Operating Agreement, Members Agreements or other Organizational Documents.
- (f) Other Information. Such other information regarding the condition, financial or otherwise, or operations of the Borrower as RUS may, from time to time, reasonably request.

Section 5.11 Tariff and Rate Design

- (a) Tariff Requirements for Telecommunications Loan and Telecommunications Loan Guarantee Borrowers are as follows:
 - (1) Regulatory Approval Necessary. If regulatory approval is required to effectuate its telephone service tariff, the Borrower shall seek and use its diligent best efforts to obtain all regulatory body approvals necessary to place in effect and thereafter to maintain in effect a tariff for telephone service which (A) provides for such grades of service as RUS shall approve, (B) does not include mileage or zone charges for any telephone service provided by the Project, and (C) is designed with a view to (1) paying and discharging all taxes, maintenance expenses, and operating expenses of the Borrower's system, (2) making all payments in respect of principal of and interest on the Note(s) when and as the same shall become due, (3) providing and maintaining reasonable working capital for the Borrower, and (4) producing and maintaining the TIER specified on Schedule 1 hereto. The Borrower shall place such tariff into effect as soon as permitted by applicable laws and regulations and shall use its diligent best efforts to obtain all necessary regulatory body approvals of such revisions of its tariff as may be necessary from time to time to satisfy the requirements of this provision.
 - (2) Regulatory Approval Not Required. If regulatory approval is not required to effectuate its telephone service tariff, the Borrower shall design, charge and maintain in effect a tariff for telephone service which (A) provides for such grades of service as RUS shall approve, (B) does not include mileage or zone charges for any telephone service provided by the Project, and (1) pays and discharges all taxes, maintenance expenses, and operating expenses of the Borrower's system, (2) makes all payments in respect of principal of and interest on the Note(s) when and as the same shall become due, (3) provides and maintains reasonable working capital for the Borrower, and (4) produces and maintains the TIER specified on Schedule 1 hereto.
- (b) Rate Requirement for Broadband Service. The Borrower shall design, charge, and maintain in effect rates for Broadband service which (i) pay and discharge all taxes, maintenance expenses and operating expenses of its system, (ii) make all payments in respect of principal of and interest on the Note(s) when and as the same shall become due, (iii) provide and maintain reasonable working capital for the Borrower, and (iv) produce and maintain the TIER specified on Schedule 1 hereto.

Section 5.12 TIER Requirement

From the date of this Agreement until the date specified in Schedule 1, the Borrower will maintain a TIER of at least 1.0. Thereafter, starting on the date specified in Schedule 1 (hereinafter called

the "TIER Commencement Date") the Borrower shall maintain the TIER level(s) as specified in Schedule 1.

Section 5.13 Corrective Action

Within thirty (30) days of (i) sending the financial reports required by Section 5.8 hereof that shows the TIER specified by Section 5.12 was not achieved for the reported fiscal year or (ii) being notified by RUS that the TIER specified in Section 5.12 was not achieved for the reported fiscal year, whichever is earlier, the Borrower, in consultation with RUS, shall provide a written plan satisfactory to RUS setting forth the actions that shall be taken to achieve the specified TIER on a timely basis and shall promptly implement said plan.

Section 5.14 Obligations with Respect to the Construction, Operation and Maintenance of the Project Funded by the Broadband Loan

- (a) Project Management and Operation. The Borrower shall be responsible for managing the day to day operations of the Project and will operate the Project in an efficient and economic manner as well as maintaining the Project in good repair.
- (b) Design Standards, Construction Standards, and Lists of Materials. The Borrower shall use design standards, construction standards, and lists of acceptable materials in accordance with Attachment 1 hereto, RUS Bulletin 1738-2, as amended and supplemented from time to time.
- (c) Plans and Specifications. The Borrower shall submit plans and specifications for construction to RUS for review and approval in accordance with Attachment 1 hereto, RUS Bulletin 1738-2, as amended and supplemented from time to time.
- (d) Standard Forms of Purchase Contracts, Installation Contracts, Construction Contracts, and Engineering and Architectural Service Contracts. The Borrower shall use the standard forms of contracts promulgated by RUS for construction, procurement, engineering services, and architectural services in accordance with Attachment 1 hereto, RUS Bulletin 1738-2, as amended and supplemented from time to time, and shall submit to RUS such contracts for review and approval in accordance with such Attachment 1.
- (e) Contract Bidding Requirements. The Borrower shall follow RUS bidding procedures when contracting for construction or procurement in accordance with Attachment 1 hereto, RUS Bulletin 1738-2, as amended and supplemented from time to time.
- (f) Construction in Accordance with Loan Design. The Borrower shall cause the Project to be constructed and completed in accordance with the loan design submitted with the Application.
- (g) General Insurance Requirements. The Borrower shall take out and maintain insurance on the Project and any other property acquired with the Loan in accordance with 7 CFR Section 1788 as well as maintaining the fidelity bond or theft insurance coverage required in Section 4.2 paragraph (g) hereof.

Section 5.15 Obligations with Respect to the Construction, Operation and Maintenance of the Project Funded by the Telecommunications Loan and Telecommunications Loan Guarantee

- (a) Project Management and Operation. The Borrower shall be responsible for managing the day to day operations of the Project and will operate the Project in an efficient and economic manner as well as maintaining the Project in good repair.
- (b) Design Standards, Construction Standards and List of Material. The Borrower shall use design standards, construction standards, and lists of acceptable materials in accordance with RUS Regulations.
- (c) Plans and Specifications. The Borrower shall submit plans and specifications for construction to RUS for review and approval in accordance with RUS Regulations.
- (d) Standard Forms of Purchase Contracts, Installation Contracts, Construction Contracts, and Engineering and Architectural Service Contracts. The Borrower shall use the standard forms of contracts promulgated by RUS for construction, procurement, engineering services, and architectural services in accordance with RUS Regulations and shall submit to RUS such contracts for review and approval in accordance with RUS Regulations.
- (e) Contracts for Toll Traffic, Operator Assistance Services, and Extended Area Service.

 The Borrower shall submit contracts for toll traffic, operator assistance services and contracts for extended area service to RUS for review and approval in accordance with RUS Regulations.
- (f) Contract Bidding Requirements. The Borrower shall follow RUS bidding procedures when contracting for construction or procurement in accordance with RUS Regulations.
- (g) Construction in Accordance with Loan Design. The Borrower shall cause the Project to be constructed and completed in accordance with the loan design submitted with the Application.
- (h) General Insurance Requirements. The Borrower shall take out and maintain insurance on the Project and any other property acquired with the Loan as well as maintaining fidelity bond or theft insurance coverage in accordance with RUS Regulations.

Section 5.16 Obligations Applicable to Telecommunications Loan and Telecommunications Loan Guarantee Borrowers with Respect to Area Coverage of Telephone Service

The Borrower shall furnish adequate telephone service to the widest practicable number of rural users in the Borrower's telephone service area, as such area is shown on the map which is a part of the Borrower's application for the Telecommunications Loan or Telecommunications Loan Guarantee and which map, as revised by agreement between the Borrower and RUS, is incorporated herein by reference thereto. In the performance of this obligation, the Borrower shall:

- (a) furnish service to all applicants for telephone service included in the Project funded by the Telecommunications Loan, or Telecommunications Loan Guarantee, without payment by such applicants of any extra charge as a contribution to the cost of construction of facilities to provide such service; and
- (b) take all action that may be required to enable it to extend service, without payment to the Borrower of any extra charge as a contribution to construction of facilities to provide such service, to every unserved rural applicant for service in its telephone service area if the cost of constructing the required line extension for such applicant will not exceed seven times the estimated annual local service revenues from such applicant. Such service shall be furnished with the use of such funds as may from

time to time be available to the Borrower, either from surplus earnings, increased equity capital, additional loans made by lenders other than the Government, or otherwise as the Borrower may elect, pursuant to terms and conditions set forth in the Borrower's tariff, as duly filed with or approved by regulatory bodies having jurisdiction in the premises, or in the absence of any such regulatory body, as adopted by the Borrower; provided that the Borrower shall not file with or submit for approval of appropriate regulatory bodies or adopt any proposed tariff, or continue in effect any existing tariff not required to be continued by any regulatory body, unless under such tariff the Borrower will be obligated to serve unserved rural applicants as provided herein.

Section 5.17 Preservation of Existence and Rights

The Borrower shall, until the Loan is repaid in full, take or cause to be taken all such actions as from time to time may be necessary to preserve its existence and to preserve and renew all franchises, contracts, rights of way, easements, permits, and licenses now or hereafter to be granted or conferred upon it, with respect to the Project, the loss of which would have a Material Adverse Effect on the Borrower.

Section 5.18 Compliance with Laws

The Borrower shall operate and maintain the Project and its properties in compliance in all material respects with all applicable Laws.

Section 5.19 Nondiscrimination

- (a) Equal Opportunity Provisions in Construction Contracts. The Borrower shall incorporate or cause to be incorporated into any construction contract, as defined in Executive Order 11246 of September 24, 1965 and implementing regulations, which is paid for in whole or in part with funds obtained from RUS, or borrowed on the credit of the United States pursuant to a grant, contract, loan, insurance or guarantee, or undertaken pursuant to any RUS program involving such grant, contract, loan, insurance or guarantee, the equal opportunity provisions set forth in Attachment 2 hereto, entitled Equal Opportunity Contract Provisions.
- (b) Equal Opportunity Contract Provisions Also Bind the Borrower. The Borrower further agrees that it shall be bound by such equal opportunity clause in any federally assisted construction work which it performs itself other than through the permanent work force directly employed by an agency of government.
- Sanctions and Penalties. The Borrower agrees that it shall cooperate actively with (c) RUS and the Secretary of Labor in obtaining the compliance of contractors and subcontractors with the equal opportunity clause and the rules, regulations and relevant orders of the Secretary of Labor, that it shall furnish RUS and the Secretary of Labor such information as they may require for the supervision of such compliance, and that it shall otherwise assist the administering agency in the discharge of RUS' primary responsibility for securing compliance. The Borrower further agrees that it shall refrain from entering into any contract or contract modification subject to Executive Order 11246 with a contractor debarred from, or who has not demonstrated eligibility for, Government contracts and federally assisted construction contracts pursuant to Part II, Subpart D of Executive Order 11246 and shall carry out such sanctions and penalties for violation of the equal opportunity clause as may be imposed upon contractors and subcontractors by RUS or the Secretary of Labor pursuant to Part II, Subpart D of Executive Order 11246. In addition, the Borrower agrees that if it fails or refuses to comply with these undertakings RUS may cancel, terminate or suspend in whole or in part this Agreement, may refrain from extending any further assistance under any of its

programs subject to Executive Order 11246 until satisfactory assurance of future compliance has been received from the Borrower, or may refer the case to the Department of Justice for appropriate legal proceedings.

Section 5.20 Buy American

The Borrower shall use or cause to be used in connection with the expenditures of funds if such funds were obtained in whole or in part by a loan being made or guaranteed by RUS only such unmanufactured articles, materials, and supplies as have been mined or produced in the United States or any eligible country, and only such manufactured articles, material, and supplies as have been manufactured in the United States or any eligible country substantially all from articles, material, and supplies mined, produced or manufactured, as the case may be, in the United States or any eligible country, except to the extent RUS shall determine that such use shall be impracticable or that the cost thereof shall be unreasonable. For purposes of this section, an "eligible country" is any country that has with respect to the United States an agreement ensuring reciprocal access for United States products and services and United States suppliers to the markets of that Country, as determined by the United States Trade Representative.

Section 5.21 Additional Affirmative Covenants

The Borrower shall comply with the additional affirmative covenants set forth in Schedule 1 hereto.

ARTICLE VI – NEGATIVE COVENANTS

Section 6.1 General

Unless otherwise agreed to in writing by RUS, while this Agreement is in effect, the Borrower shall duly observe each of the negative covenants set forth in this Article VI.

Section 6.2 Merger, Consolidation and Transfer of Property

The Borrower shall not, without the prior written consent of RUS, take or suffer to be taken any steps to reorganize, consolidate with, or merge into any other corporation, or to sell, lease or transfer (or make any agreement therefor) all or any part of its property, including, without limitation, the Project.

Section 6.3 Covenants for Limited Liability Companies and Similar Borrowers

Borrowers which are limited liability companies or similar organizations agree that:

- (a) The death, retirement, resignation, expulsion, termination, bankruptcy, or dissolution of any member or the occurrence of any other event that terminates the continued membership of any member shall not cause the Borrower to be dissolved or its affairs to be wound up;
- (b) Prior to the date on which any and all obligations owed to RUS or the guaranteed lender with respect to Telecommunications Loan Guarantees, including the note evidencing the Loan, are discharged in full, the Borrower shall not be dissolved or terminated:
- (c) The organizational documents of the Borrower shall contain provisions reflecting the obligations of the Borrower in paragraphs (a) and (b) immediately above and such provisions shall not be amended without the prior written consent of RUS; and

(d) No direct or indirect addition, issuance, or transfer of any membership units (or any other ownership interest) in the Borrower may be made by the Borrower or its members without the prior written consent of RUS.

Section 6.4 Additional Indebtedness

The Borrower shall not, without the prior written consent of RUS, incur additional indebtedness in the event:

- (a) The Borrower is not maintaining a TIER of 1.0 or if the additional indebtedness will cause the Borrower's TIER to fall below 1.0; or
- (b) An Event of Default as defined in Section 8.1(b) hereof has occurred and is continuing.

Section 6.5 Negative Pledge

The Borrower shall not create, incur, or suffer any lien, mortgage, pledge, assignment, or other encumbrance on, or security interest in its property, other than Permitted Encumbrances.

Section 6.6 Contracts

The Borrower shall not, without the prior written consent of RUS, enter into any contract or contracts for the operation or maintenance of all or any part of its property, including, without limitation, the Project, and shall not enter into any contract for the use by others of all or any part of its property, including, without limitation, the Project.

Section 6.7 Salaries

Salaries, wages and other compensation paid by the Borrower for services, and directors', members', managers' or trustees' fees, shall be reasonable and in conformity with the usual practice of entities of the size and nature of the Borrower.

Section 6.8 Extension of Credit

Except as specifically authorized in writing in advance by RUS, the Borrower will make no advance payments or loans, or in any manner otherwise extend its credit, either directly or indirectly, with or without interest, to any of its directors, trustees, officers, employees, stockholders, members, managers, Affiliates or Affiliated Companies; provided, however, the Borrower may make an investment for any purpose described in section 607(c)(2) of the Rural Development Act of 1972 (including any investment in, or extension of credit, guarantee or advance made to an Affiliated Company that is used by such Affiliate for such purpose) to the extent that, immediately after such investment, (1) the aggregate of such investments does not exceed one-third of the Net Worth and (2) the Borrower's Net Worth is at least twenty percent (20%) of its Total Assets.

Section 6.9 Distributions or Withdrawals

(a) Corporations and Cooperatives. Corporate or cooperative Borrowers shall not, without the prior written approval of RUS, make any dividend, stock, capital, or other distribution in the nature of an investment, guarantee, extension of credit, advance, or loan, nor make a capital credit distribution (all such distributions being hereinafter collectively called "Distributions;") provided, however, Distributions may be made in each calendar year as follows:

- (1) Aggregate, annual Distributions not to exceed twenty-five percent (25%) of prior calendar year's Net Income or Margins may be made if, after such aggregate annual Distributions, the Borrower's net worth is at least one percent (1%) of its Total Assets;
- (2) Aggregate annual Distributions not to exceed fifty percent (50%) of the prior calendar year's Net Income or Margins may be made if, after such aggregate annual Distributions, the Borrower's Net Worth is at least twenty percent (20%) of its Total Assets;
- (3) Aggregate annual Distributions not to exceed seventy-five percent (75%) of the prior calendar year's Net Income or Margins may be made if, after such aggregate annual Distributions, the Borrower's Net Worth is at least thirty percent (30%) of its Total Assets; or
- (4) There is no limit on aggregate, annual Distributions if, after making such aggregate, annual Distributions, the Borrower's Net Worth is at least forty percent (40%) of its Total Assets.
- (b) Limited Liability Companies. Borrowers which are limited liability companies shall not, without the prior written approval of RUS, make any membership withdrawals, unit redemptions, or other type of profit allocation to its members and shall not, without the prior written approval of RUS, make capital distributions in the nature of an investment, guarantee, extension of credit, advance, or loan (all such actions being hereinafter collectively called "Distributions;") provided, however, Distributions may be made in each calendar year as follows:
 - (1) Aggregate, annual Distributions not to exceed twenty-five percent (25%) of the prior calendar year's Net Income or Margins may be made if, after such aggregate annual Distributions, the Borrower's Net Worth is at least one percent (1%) of its Total Assets;
 - (2) Aggregate annual Distributions not to exceed fifty percent (50%) of the prior calendar year's Net Income or margins may be made if, after such aggregate annual Distributions, the Borrower's Net Worth is at least twenty percent (20%) of its Total Assets;
 - (3) Aggregate annual Distributions not to exceed seventy-five percent (75%) of the prior calendar year's Net Income or Margins may be made if, after such aggregate annual Distributions, the Borrower's Net Worth is at least thirty percent (30%) of its Total Assets; or
 - (4) There is no limit on aggregate, annual Distributions if, after making such aggregate, annual Distributions, the Borrower's net worth is at least forty percent forty percent (40%) of its Total Assets.
- (c) In addition to the Distributions authorized under the immediately, preceding subsections, the Borrower may make any Distribution or investment as provided in 7 CFR 1744 Subpart D.

Section 6.10 Changing Principal Place of Business, Place of Conducting Business, or Type of Organization

The Borrower shall not change its principal place of business, place of conducting business, or type of organization without the prior consent of RUS.

Section 6.11 Changing Name or Place of Incorporation or Organization

The Borrower shall not change its legal name or place of incorporation or organization without giving RUS sixty (60) days prior written notice.

Section 6.12 Changing Rates or Tariffs

The Borrower shall not file for or change its rates or tariffs without prior written approval by RUS.

Section 6.13 Historic Preservation

The Borrower shall not, without the prior written consent of RUS, use any Advance(s) to construct any facility which shall involve any district, site, building, structure or object which is included in, or eligible for inclusion in, the National Register of Historic Places maintained by the Secretary of the Interior pursuant to the Historic Sites Act of 1935 and the National Historic Preservation Act of 1966.

Section 6.14 <u>Limitations on Using non-FDIC Insured Depositories</u>.

Without the prior written approval of RUS, the Borrower shall not place the proceeds of the Loans or any loan which has been made or guaranteed by RUS, in the custody of any bank or other depository that is not insured by the Federal Deposit Insurance Corporation or other federal agency acceptable to RUS.

Section 6.15 Affiliated Transactions

The Borrower shall not enter into any transaction, contract, or dealing with an Affiliate of the Borrower or with the Borrower's or Affiliate's directors, trustees, officers, managers, members (if the Borrower is a limited liability company), or other corporate officials, without the prior written consent of RUS.

Section 6.16 Obligations with Respect to Nonduplication of Facilities for Telecommunications Loan and Telecommunications Loan Guarantee Loan Borrowers

If the Borrower has outstanding Telecommunications Loan(s) or Telecommunications Loan Guarantee(s) and provides telephone service in any state in which there is no state regulatory body with authority to regulate telephone service and to require certificates of convenience and necessity to the Borrower, the Borrower shall not use any portion of such Loan(s) for the construction of telephone facilities to furnish or improve service to persons located in such state receiving telephone service from any other telephone company at the time the Borrower proposes to furnish or improve service to such persons, except that the Borrower may provide or improve service to persons receiving service through facilities acquired or to be acquired by the Borrower, and except to the extent RUS, on the basis of evidence submitted to it by the Borrower, shall have determined that service by the Borrower to such persons will not result in duplication of lines, facilities or systems providing reasonably adequate service.

Section 6.17 Additional Negative Covenants

The Borrower shall comply with the additional negative covenants set forth in Schedule 1 hereto.

ARTICLE VII - LENDER'S RIGHTS

Section 7.1 Termination of Loan Offer

RUS, in its sole discretion, may terminate the offer to make the Loan(s) if Loan Documents, duly executed on behalf of the Borrower, are not received and all other conditions in Section 4.1 hereof are not satisfied within one hundred twenty (120) days from the date hereof.

Section 7.2 Audits and Compliance Reviews

After giving prior notification to the Borrower, RUS has the right to conduct compliance reviews and audits of the Borrower to assure compliance with the Loan Documents and RUS Regulations.

Section 7.3 <u>Disallowed Expenditures</u>

Upon a determination by RUS that the Borrower did not utilize the Loan in the marmer and exclusively for the Project as approved by RUS, RUS may, in its sole discretion:

- (a) Disallow all or a part of the expenditures and disbursements of the Loan and require the Borrower to deposit such funds in the Construction Fund Account or in the Pledged Deposit Account, to be applied toward other approved Project purposes or to reimburse the Government, as provided in Section 5.3 hereof;
- (b) Suspend making Advances; and/or
- (c) Take any other action RUS determines to be necessary including, without limitation, exercising any right or remedy available under the Loan Documents or at law.

Section 7.4 Suspension of Advances

RUS may, in its absolute discretion, suspend making or approving Advances hereunder, if RUS determines that an event has occurred that is likely to have a Material Adverse Effect on the Borrower.

Section 7.5 Payment Extensions

RUS may, at any time or times in succession without notice to, or the consent of, the Borrower and upon such terms as RUS may prescribe, grant to any person, firm or entity who shall have become obligated to pay all or any part of the principal of or interest on any Note held by, or indebtedness owed to, RUS or who may be affected by the lien created by the Loan Documents, an extension of the time for the payment of such principal or interest. After any such extension the Borrower will remain liable for the payment of such Note or indebtedness to the same extent as though it had at the time of such extension consented thereto in writing.

ARTICLE VIII - EVENTS OF DEFAULT

Section 8.1. Events of Default

The following shall be Events of Default under this Agreement:

(a) Representations and Warranties. Any representation or warranty made by the Borrower in the Loan Documents or in the Application, any certificate furnished to RUS thereunder, shall prove to have been incorrect in any material respect at the time made:

- (b) Non-Payment. The nonpayment of any required and due installment of interest on, or principal of, any Note, whether by acceleration or otherwise, which continues for five (5) Business Days, as such term is herein defined;
- (c) <u>Corrective Actions</u>. Default by the Borrower in the observance or performance of Section 5.13;
- (d) <u>Limited Liability Companies</u>. Default by the Borrower or its members in the observance or performance of Section 6.3;
- (e) Other Covenants. Default by the Borrower in the observance or performance of any other covenant or agreement contained in any of the Loan Documents, which shall remain unremedied for thirty (30) calendar days, after written notice thereof had been given to the Borrower by RUS;
- (f) <u>Adverse Effects</u>. The Borrower shall forfeit or otherwise be deprived of its charter, articles of organization, franchises, permits, easements, consents, or licenses required to carry on any material portion of its business, or the Borrower files for, or an event occurs, which can reasonably be expected to result in its dissolution or termination;
- (g) Other Obligations. Default by the Borrower in the payment of any obligation, whether direct or contingent, for borrowed money in excess of ten thousand dollars (\$10,000.00) or in the performance or observance of the terms of any instrument pursuant to which such obligation was created or securing such obligation which default shall have resulted in such obligation becoming or being declared due and payable prior to the date on which it would otherwise be due and payable;
- (h) <u>Bankruptcy</u>. A court having jurisdiction in the premises shall enter a decree or order for relief with respect to the Borrower in an involuntary case under any applicable bankruptcy, insolvency, or other similar law now or hereafter in effect: (1) appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator, or similar official, or (2) ordering the winding up or liquidation of its affairs; or the Borrower shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or under any such law, or consent to the appointment or taking possession by a receiver, liquidator, assignee, custodian or trustee, of a substantial part of its property, or make any general assignment for the benefit of creditors;
- (i) <u>Dissolution or Liquidation</u>. Other than as provided in the immediately preceding subsection, the dissolution or liquidation of the Borrower, or the filing of such by the Borrower;
- (j) <u>Impaired Business</u>. The failure by the Borrower to promptly forestall or remove any execution, garnishment or attachment of such consequence as shall impair its ability to continue its business or fulfill its obligations and such execution, garnishment or attachment shall not be vacated within thirty (30) days; or
- k) Payment of Final Judgment. A final judgment in an amount of ten thousand dollars (\$10,000.00) or more shall be entered against the Borrower and shall remain unsatisfied or without a stay in respect thereof for a period of thirty (30) days.

ARTICLE IX - REMEDIES

Section 9.1 Generally

Upon the occurrence of an Event of Default, RUS may pursue all rights and remedies that are contemplated by the Loan Documents in the manner, upon the conditions, and with the effect provided in the Loan Documents, including, but not limited to, a suit for specific performance, injunctive relief, or damages. Nothing herein shall limit the rights of RUS to pursue, jointly or severally, all rights and remedies available to a creditor following the occurrence of an Event of Default listed in Article VIII hereof. Each right, power, and remedy of RUS shall be cumulative and concurrent, and recourse to one or more rights or remedies shall not constitute a waiver of any other right, power or remedy.

Section 9.2 Remedies

In addition to the remedies referred to in Section 9.1 hereof, upon the occurrence of an Event of Default RUS may:

- (a) Refuse to make any Advance or further Advance on account of the Loan(s), but any Advance thereafter made by RUS shall not constitute a waiver of such default; or
- (b) Declare all unpaid principal of and all interest accrued on the Note(s) to be immediately due and payable and upon such declaration all such principal and interest shall become immediately due and payable.

ARTICLE X - MISCELLANEOUS

Section 10.1 Notices

All notices, requests, and other communications provided for herein including, without limitation, any modifications, waivers, requests, or consents under, this Agreement shall be given or made in writing (including, without limitation, by telecopy) and delivered to the intended recipient at the "Address for Notices" specified below; or, as to any party, at such other address as shall be designated by such party in a notice to each other party. Except as otherwise provided in this Agreement, all such communications shall be deemed to have been duly given when transmitted by telecopier or personally delivered or, in the case of a mailed notice, upon receipt, in each case given or addressed as provided for herein. The Addresses for Notices of the respective parties are as follows:

RUS
Rural Utilities Service
United States Department of Agriculture
1400 Independence Avenue, S.W.
Washington, D.C.20250-1500
Attention: Administrator
Fax: (202) 720-1725

Borrower
See Schedule 1

With a copy to: See Schedule 1 With a copy to: See Schedule 1

Section 10.2 Expenses

To the extent allowed by law, the Borrower shall pay all costs and expenses of RUS, including reasonable fees of counsel, incurred in connection with the enforcement of the Loan Documents or with the preparation for such enforcement if RUS has reasonable grounds to believe that such enforcement may be necessary.

Section 10.3 Late Payments

If payment of any amount due hereunder is not received at the United States Treasury in Washington, DC or such other location as RUS may designate to the Borrower within five (5) Business Days after the due date thereof, or such other time period as RUS may prescribe from time to time in its policies of general application in connection with any late payment charge (such unpaid amount being herein called the "delinquent amount", and the period beginning after such due date until payment of the delinquent amount being herein called the "late-payment period,") the Borrower shall pay to RUS in addition to all other amounts due under the terms of the Notes, the Security Documents and this Agreement, any late payment charge as may be fixed by RUS Regulations from time to time on the delinquent amount for the late-payment period.

Section 10.4 Filing Fees

To the extent permitted by law, the Borrower agrees to pay all expenses of RUS (including the fees and expenses of its counsel) in connection with the filing or recordation of all financing statements and instruments as may be required by RUS in connection with this Agreement, including, without limitation, all documentary stamps, recordation, transfer taxes, and other costs and taxes incident to recordation of any document or instrument in connection herewith. Borrower agrees to save harmless and indemnify RUS from and against any liability resulting from the failure to pay any required documentary stamps, recordation and transfer taxes, recording costs, or any other expenses incurred by RUS in connection with this Agreement. The provisions of this section shall survive the execution and delivery of this Agreement and the payment of all other amounts due hereunder or due on the Notes.

Section 10.5 No Waiver

No failure on the part of RUS to exercise, nor any delay in exercising, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise by RUS of any right hereunder preclude any other or further exercise thereof or the exercise of any other right.

Section 10.6 Governing Law

This Agreement shall be governed by and construed in accordance with applicable federal law and, in the absence of controlling federal law, by the laws of the State identified in the first paragraph herein, except those that would render such choice of law ineffective.

Section 10.7 Holiday Payments

If any payment to be made by the Borrower hereunder shall become due on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day and such extension of time shall be included in computing any interest in respect of such payment.

Section 10.8 Rescission

The Borrower may elect not to borrow the Loan, in which event RUS shall release the Borrower from its obligations hereunder, provided the Borrower complies with such terms and conditions as RUS may impose for such release.

Section 10.9 Successors and Assigns

- (a) This Agreement shall be binding upon and inure to the benefit of the Borrower and RUS, and their respective successors and assigns, except that the Borrower may not assign or transfer its rights or obligations hereunder without the prior written consent of RUS.
- (b) Pursuant to federal claims collection laws, RUS' claims hereunder may be transferred to other agencies of the United States of America; in the event of such a

transfer, all rights and remedies hereby granted or conferred on RUS shall pass to and inure to the benefit of any such successor agency.

Section 10.10 Complete Agreement; Waivers and Amendments

Subject to RUS Regulations, this Agreement and the other Loan Documents are intended by the parties to be a complete and final expression of their agreement. However, RUS reserve the right to waive its rights to compliance with any provision of this Agreement and the other Loan Documents. No amendment, modification, or waiver of any provision hereof or thereof, and no consent to any departure of the Borrower herefrom or therefrom, shall be effective unless approved in writing by RUS in the form of either a RUS Regulation or other writing signed by or on behalf of RUS, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

Section 10.11 Prior Telephone Loan Contracts

With respect to all Prior Telephone Loan Contracts, the Borrower shall, commencing on the delivery date hereof, prospectively meet the affirmative and negative covenants as set forth in this Agreement rather than those set forth in the Prior Telephone Loan Contracts. In addition, any remaining obligation of RUS to make or approve additional advances on promissory notes of the Borrower that have been previously delivered to RUS under Prior Telephone Loan Contracts shall, after the date hereof, be subject to the conditions set forth in this Agreement. In the event of any conflict between any provision set forth in a Prior Telephone Loan Contract and any provision in this Agreement, the requirements as set forth in this Agreement shall apply. Nothing in this section shall, however, eliminate or modify (i) any special condition, special affirmative covenant or special negative covenant, if any, set forth in any Prior Telephone Loan Contract or (ii) alter the repayment terms of any promissory notes which the Borrower has delivered under any Prior Telephone Loan Contract, except, in either case, as RUS may have specifically agreed to in writing.

Section 10.12 Headings

The headings and sub-headings contained in the titling of this Agreement are intended to be used for convenience only and do not constitute part of this Agreement.

Section 10.13 Severability

If any term, provision, condition, or any part thereof, of this Agreement, Note(s) or the Security Documents shall for any reason be found or held invalid or unenforceable by any governmental agency or court of competent jurisdiction, such invalidity or unenforceability shall not affect the remainder of such term, provision, or condition nor any other term, provision, or condition, and this Agreement, the Note(s), and the Security Documents shall survive and be construed as if such invalid or unenforceable term, provision or condition had not been contained therein.

Section 10.14 Right of Setoff

Upon the occurrence and during the continuance of any Event of Default, RUS is hereby authorized at any time, without prior notice to the Borrower, to exercise rights of setoff or recoupment and apply any and all amounts held or hereafter held, by RUS, owed to the Borrower, or for the credit or account of the Borrower against any and all of the obligations of the Borrower now or hereafter existing hereunder or under the Note(s). RUS agrees to notify the Borrower promptly after any such setoff or recoupment and the application thereof, provided that the failure to give such notice shall not affect the validity of such setoff, recoupment or application. The rights of RUS under this section are in addition to any other rights and remedies (including other rights of setoff or recoupment) which RUS may have. Borrower waives all rights of setoff, deduction, recoupment, or counterclaim.

Section 10.15 Schedules and Attachments

Each Schedule and Attachment attached hereto and referred to herein is each an integral part of this Agreement.

Section 10.16 Authority of Representatives of RUS

In the case of any consent, approval, or waiver from RUS that is required under this Agreement or any other Loan Document, such consent, approval, or waiver must be in writing and signed by an authorized RUS representative to be effective. As used in this section, "authorized RUS representative" means the Administrator of RUS or any person to whom the Administrator has officially delegated specific or general authority to take the action in question.

Section 10.17 Amendment of Laws and RUS Regulations

Nothing contained herein shall restrict in any way RUS' right to amend, rescind, or supplement any of the RUS Regulations or to seek such changes to existing Laws.

Section 10.18 Term

This Agreement shall remain in effect until one of the following two events has occurred:

- (a) The Borrower and RUS replace this Agreement with another written agreement; or
- (b) All of the Borrower's obligations under this Agreement have been discharged and paid.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

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LEBAND COMMUNICATIONS COOPERATIVE

(Seal)

Attested to by

THE UNITED STATES OF AMERICA

as Acting Administrator of the

Rural Utilities Service

SCHEDULE 1

Article II Representations and Warranties

1. Paragraph (i) Borrower's address: Allband Communications Cooperative

6431 Bugg Road

Curran, Michigan 48728

2. Paragraph (j) Borrower's Organization Number:

778-653

3. Paragraph (k) Borrower's Subsidiaries:

None

4. Paragraph (k) Borrower's Parent:

None

Article III The Loans

1. Broadband Loan

Section 3.1(a) Broadband Loan amount: \$0

Section 3.1(a)(i) Broadband Loan portion at the cost-of-money interest rate: \$0

Section 3.1(a)(i) Broadband Loan portion at the four percent (4%) rate of interest: \$0

2. Telecommunications Loan

Section 3.1(b) Telecommunications Loan amount: \$8,067,000

Section 3.1(b)(i) Telecommunications Loan amount at the cost-of-money interest rate: \$0

Section 3.1(b)(i) Telecommunications Loan amount five percent (5%) rate of interest: \$8,067,000

3. <u>Telecommunications Loan Guarantee</u>

Section 3.1(c) Telecommunications Loan Guarantee amount: \$0

4. Bank Loan

Section 3.1(d) Bank Loan amount: \$0

Article IV Conditions of Lending

- 1. Section 4.2(i) funds required on deposit by Broadband borrower in accordance with 7 C.F.R. 1738.20(b):

 None
- 2. The additional conditions to advance referred to in Section 4.2(m) are as follows:
 - (1) Evidence that the Borrower has been granted by the Federal Communications Commission the right to receive immediate Universal Service Fund support from the National Exchange Carriers Association.
 - (2) Borrower has been granted approval by the Michigan Public Service Commission to operate as an eligible telephone carrier.
 - (3) Evidence that the Borrower has entered into, in form and substance satisfactory to RUS, an agreement,
 - (A) for a long term lease for a headquarters building;
 - (B) with Sprint to provide T-1 facilities;

- (C) with Verizon to interconnect in Hillman, Michigan via a 25-mile fiber-optic cable utilizing OC-12 toll and transport electronics; and
- (D) with gas well subscribers for interconnection, before \$1,807,000 may be released.

Article V Affirmative Covenants

- 1. Section 5.4(a) Additional Funds: None
- 2. Section 5.4(a) Additional Purposes: None
- 3. Section 5.4(b) Pledged Deposit Account IS NOT required.
- 4. Section 5.8(b) Additional Reporting Date(s): fifteen (15) business days after the end of each calendar year quarter.
- 5. Section 5.12 TIER: 1.42
- 6. Section 5.12 TIER Commencement Date: December 31, 2009
- 7. The additional affirmative covenants referred to in Section 5.21 are as follows: None

Article VI Negative Covenants

1. The additional negative covenants referred to in Section 6.17 are as follows: None

Article X Miscellaneous

1. Section 10.1 Borrower's address for purposes of notification: Allband Communications

Cooperative

Attention: Mr. John M. Reigle

P. O. Box 64

Curran, Michigan 48728 Fax: (517) 241-6267

2. Section 10.1 Address for Borrower's notification copy:

Clark & Hill Attorneys at Law 2455 Woodlake Circle

Okemos, Michigan 48864-5941

Fax: (517) 381-0268

3. Section 10.1 Address for RUS' notification copy:

Rural Utilities Service

United States Department of

Agriculture

1400 Independence Avenue, S.W. Washington, D.C. 20250-1595 Attention: Mr. Jerry H. Brent

Fax: (202) 690-4654

Attachment 1 Not applicable

ATTACHMENT 2

Equal Opportunity Contract Provisions

During the performance of this contract, the contractor agrees as follows:

- (a) The contractor shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The contractor shall take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer, recruitment, or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided setting forth the provisions of this non-discrimination clause.
- (b) The contractor shall, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants shall receive consideration for employment without regard to race, color, religion, sex, or national origin.
- (c) The contractor shall send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice to be provided advising the said labor union or worker's representative of the contractor's commitments under this section, and shall post copies of the notice in conspicuous place available to employees and applicants for employment.
- (d) The contractor shall comply with all provisions of Executive Order 11246 of September 24, 1965 and of the rules, regulations, and relevant orders of the Secretary of Labor.
- (e) The contractor shall furnish all information and reports required by Executive Order 11246 of September 24, 1965 and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and shall permit access to his books, records, and accounts by the administering agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulation, and orders.
- (f) In the event of the contractor's non-compliance with the non-discrimination clauses of this contract or with any of the said rules, regulations, or orders, this contract may be cancelled, terminated, or suspended in whole or part by the Government, and the contractor may be declared ineligible for further Government contracts or federally assisted construction contracts in accordance with the procedure authorized in Executive Order 11246 of September 14, 1965, and such other sanctions may be imposed and remedies invoked as provided in said Executive Order or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.
- (g) The contractor shall include the provisions of paragraphs (a) through (g) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order 11246, dated September 24, 1965, so that such provisions shall be binding upon each subcontractor or vendor. The contractor shall take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions, including sanctions for non-compliance; provided, however, that in the event a contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the agency, the contractor may request the United States to enter into such litigation to protect the interests of the United States.

ATTACHMENT 3

UNIFORM SYSTEM OF ACCOUNTS

All references regarding account numbers are to 47 C.F.R. Part 32

ACCOUNT NAMES	ACCOUNT CLASS A	NUMBERS CLASS B			
NET INCOME OR NET MARGINS: the sum of the balances of the following accounts of the Borrower/Mortgagor					
Local Network Services Revenues) Network Access Services Revenues) Long Distance Network Services Revenues)	5000s thru	5300s			
Miscellaneous Revenues) LESS: Uncollectible Revenues)					
Other Operating Income and Expense	7100*	7100			
Non-operating Income and Expense	7300*	7300			
Income Effect of Jurisdictional Rate-making Difference - Net	7910	7910			
Non-regulated Net Income	7990	7990			
Other Non-regulated Revenues	7991	7991			
LESS: balances of the following accounts:					
Plant Specific Operations Expense)					
Plant Non-specific Operations Expense)	6100s thru	6700s			
Customer Operations)					
Corporate Operations)					
Operating Taxes	7200*	7200			
Non-operating Taxes	7400*	7400			
Interest and Related Items	7500*	7500			
Extraordinary Items	7600*	7600			
INTEREST EXPENSE: the sum of the balances of the following accounts of the Borro	ower/Mortgagor				
Interest and Related Items	7500*	7500			
Interest on Funded Debt	7510				
Interest Expense - Capital Leases	7520				
Amortization of Debt Issuance Expense	7530				
Other Interest Deductions	7540				
LESS: Allowance for Funds Used During Construction	7340	7300.4			
TOTAL TELECOMMUNICATIONS PLANT: the sum of the balances of the follow Borrower/Mortgagor	ing accounts of	the			
Telecommunications Plant in Service	2001	2001			
Property Held for Future Telecommunications Use	2001	2002			
Telecommunications Plant Under Construction – Short Term	2002	2002			
Telecommunications Plant Under Construction – Short Term Telecommunications Plant Under Construction – Long Term	2003	2003			
Telecommunications Plant Adjustment	2005	2004			
Non-Operating Plant	2006	2006			
Goodwill	2007	2007			
		_00,			

^{*}Summary Accounts

NET WORTH OR EQUITY: the sum of the balances of the following accounts of the Borrower/Mortgagor

Capital Stock	4510
Additional Paid-in-Capital	4520
Treasury Stock	4530
Other Capital	4540
Retained Earnings	4550

NOTE: For Non-Profit Organizations - Owner's equity shall be shown in sub-accounts of 4540 and 4550.

TOTAL ASSETS: the sum of the balances of the following accounts of the Borrower/Mortgagor

Current Assets	1100s	thru	1300s
Non-Current Assets	1400s	thru	1500s
Total Telecommunications Plant	2001	thru	2007
LESS: Accumulated Depreciation	3100	thru	3300s
LESS: Accumulated Amortization	3400	thru	3600s

DEPRECIATION AND AMORTIZATION: the sum of the balances of the following accounts of the Borrower/Mortgagor

Depreciation and Amortization Expenses	6560*
Depreciation Expense – Telecommunications Plant in Service	6561
Depreciation Expense – Property Held for Future Telecommunications Use	6562
Amortization Expense – Tangible	6563
Amortization Expense – Intangible	6564
Amortization Expense – Other	6565